MEDIASET ESPAÑA COMUNICACIÓN, S.A. AND SUBSIDIARIES

Consolidated Financial Statements for the year ended December 31, 2013, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and Directors' Report

Audit Report

MEDIASET ESPAÑA COMUNICACIÓN, S.A.
Consolidated Financial Statements
and Consolidated Management Report
for the year ended
31 December 2013

Building a better
working world

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AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 27)

To the Shareholders of MEDIASET ESPAÑA COMUNICACIÓN, S.A.:

We have audited the consolidated financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A. (Parent company) and subsidiaries (the Group), which consist of the consolidated statement of financial position at 31 December 2013, the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As explained in Note 2.1, the directors of the Parent company are responsible for the preparation of the Group's consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union and other regulations regarding financial information applicable to the Group. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with the prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and evaluation of whether the consolidated financial statements, the principles and criteria applied, and the estimates made, are in accordance with the applicable regulatory requirements regarding financial information.

In our opinion, the accompanying 2013 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and subsidiaries at 31 December 2013 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards adopted by the European Union and other applicable regulations regarding financial information.

The accompanying 2013 consolidated management report contains such explanations as the directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. consider appropriate concerning the situation of the Group, the evolution of its businesses and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the consolidated financial statements for the year ended 31 December 2013. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Antonio Vázquez Pérez

February 26, 2014

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND AT 31 DECEMBER 2012

(Expressed in thousand of euros)

(Expressed in thousand of euros)

ASSETS	12/31/13	12/31/12
NON-CURRENT ASSETS		
Property, plant, and equipment (Note 6)	49,679	53,193
Intangible assets (Note 7)	226,377	234,650
Audiovisual property rights (Note 8)	235,539	230,853
Goodwill (Note 9)	287,357	287,357
Equity method investments (Note 10)	394,863	467,943
Non-current financial assets (Note 11)	4,580	4,479
Deferred tax assets (Note 19.5)	186,290	176,434
Total non-current assets	**1,384,685**	**1,454,909**
CURRENT ASSETS		
Inventories	4,701	5,977
Accounts receivable	219,763	202,570
Trade receivables for sales and services	196,352	184,598
Trade receivables from related parties (Note 25.1)	3,041	809
Sundry receivables	176	7
Employee receivables	62	71
Other receivable from public authorities (Note 19.3)	489	365
Income tax current assets (Note 19.3)	19,643	16,720
Other current assets (Note 12)	11,931	10,956
Other current financial assets (Note 13)	752	2,065
Cash and cash equivalents (Note 14)	112,774	90,692
Total current assets	**349,921**	**312,260**
TOTAL ASSETS	**1,734,606**	**1,767,169**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND AT 31 DECEMBER 2012

(Expressed in thousand of euros)

(Expressed in thousand of euros)

EQUITY AND LIABILITIES	12/31/13	12/31/12
EQUITY (Note 15)		
Share capital	203,431	203,431
Share premium	1,064,247	1,064,247
Share-based payment reserves	14,573	15,361
Other reserves	206,175	159,965
Treasury shares	(73,445)	(84,746)
Profit for the year attributable to the parent	4,161	50,143
Total equity of the parent	**1,419,141**	**1,408,401**
Non-controlling interests	12,234	12,498
Total equity	**1,431,375**	**1,420,899**
NON-CURRENT LIABILITIES		
Long term provisions (Note 16)	10,378	24,317
Other non-current liabilities (Note 17)	185	240
Deferred tax liabilities (Note 19.5)	9,884	6,607
Total non-current liabilities	**20,447**	**31,164**
CURRENT LIABILITIES		
Payable to related parties (Note 25.1)	43,068	44,427
Accounts payable for purchases and services (Note 22)	102,052	121,330
Accounts payable for audiovisual rights (Note 22)	59,749	68,866
Other non-trade payables	37,360	29,742
Bank borrowings (Note 22)	678	226
Government grants and other loans	-	55
Payables to public authorities (Note 19.3)	25,047	16,871
Payables for non-current asset acquisitions	1,200	2,602
Remuneration payable	10,346	9,915
Other borrowings	89	73
Short-term provision (Note 18)	34,574	50,423
Other current liabilities	5,981	318
Total current liabilities	**282,784**	**315,106**
TOTAL EQUITY AND CURRENT LIABILITIES	**1,734,606**	**1,767,169**

The accompanying Notes 1 to 26 are an integral part of the consolidated financial statements at December 31, 2013.

CONSOLIDATED SEPARATE INCOME STATEMENT AT 31 DECEMBER 2013 AND 2012

(Expressed in thousand of euros)

(Expressed in thousand of euros)

	12/31/13	12/31/12
INCOME		
Revenue (Note 23.1)	818,825	872,836
Sales	813,788	869,785
Discount and volume rebates	(35,678)	(50,611)
Revenue from the rendering of services	40,715	53,662
Other operating income	7,995	13,891
Total operating income	**826,820**	**886,727**
EXPENSES		
Decrease in inventories of finished goods and work in progress	1,304	1,766
Procurements	270,346	305,693
Staff costs (Note 23.2)	104,850	109,256
Amortization of audiovisual property rights (Note 8)	173,927	210,469
Depreciation and amortization charge (Note 6 and 7)	18,076	15,929
Change in operating provisions (Note 23.3)	(1,055)	213
Other expenses (Note 23.4)	189,200	194,598
Total operating expenses	**756,648**	**837,924**
Profit from operations	**70,172**	**48,803**
Net finance income/expense (Note 23.6)	(3,111)	(3,907)
Exchange differences (Note 23.7)	(154)	(61)
Result of companies accounted for using the equity method (Note 10)	(70,745)	8,452
Sale/Impairment losses of other financial assets	(94)	(1,019)
Gains (losses) on disposals of non-current assets available for sale	1,648	64
Profit before tax	**(2,284)**	**52,332**
Income tax (Note 19.4)	(6,181)	2,789
Profit for the year	**3,897**	**49,543**
Attributable to:		
Shareholders of the parent	4,161	50,143
Non-controlling interests	(264)	(600)
Earnings per share (Note 24.1)	**0.01**	**0.13**
Diluted earnings per share (Note 24.2)	**0.01**	**0.13**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2013 AND 2012

(Expressed in thousand of euros)

(Expressed in thousand of euros)

	12/31/13	12/31/12
PROFIT FOR THE YEAR	3,897	49,543
Income and expense recognized directly in equity to later be recycled to the income statement	-	-
Income and expense recognized directly in equity which later will not be recycled to the income statement	-	-
TOTAL PROFIT FOR THE YEAR	3,897	49,543
Attributable to:		
Shareholders of the parent	4,161	50,143
Non-controlling interests	(264)	(600)

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2013 AND 2012

(Expressed in thousand of euros)

	Share capital (Note 15.1)	Legal reserve (Note 15.3)	Share premium	Share-based payment reserve
Balance at 12/31/12	203,431	40,686	1,064,247	15,361
Components of other comprehensive income	-	-	-	-
Profit (Loss) for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Distribution of profit for the year	-	-	-	-
Operations with treasury shares	-	-	-	(927)
Share based payment	-	-	-	139
Other changes	-	-	-	-
Balance at 12/31/13	203,431	40,686	1,064,247	14,573

Balance at 12/31/11	203,431	40,686	1,064,247	14,139
Components of other comprehensive income	-	-	-	-
Profit (Loss) for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Distribution of profit for the year	-	-	-	-
Share-based payment	-	-	-	1,222
Other changes	-	-	-	-
Balance at 12/31/12	203,431	40,686	1,064,247	15,361

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2013 AND 2012

(Expressed in thousand of euros)

(Expressed in thousand of euros)

Treasury shares (Note 15.4)	Other reserves	Profit for the year	Total equity of the parent	Non-controlling Interest (Note 15.5)	Total
(84,746)	119,279	50,143	1,408,401	12,498	1,420,899
-	-	-	**-**	-	-
-	-	4,161	**4,161**	(264)	3,897
-	**-**	**4,161**	**4,161**	**(264)**	**3,897**
-	50,143	(50,143)	**-**	-	-
11,301	(4,578)	-	**5,796**	-	5,796
-	-	-	**139**	-	139
-	645	-	**645**	-	645
(73,445)	165,489	4,161	1,419,141	12,233	1,431,375
(84,746)	64,461	110,519	1,412,738	13,098	1,425,836
-	-	-	**-**	-	-
-	-	50,143	**50,143**	(600)	49,543
-	**-**	**50,143**	**50,143**	**(600)**	**49,543**
-	55,260	(110,519)	**(55,260)**	-	(55.260)
-	-	-	**1,222**	-	1.222
-	(442)	-	**(442)**	-	(442)
(84,746)	119,279	50,143	1,408,401	12,498	1,420,899

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

CONSOLIDATED STATEMENT OF CASH FLOW AT 31 DECEMBER 2013 AND 2012

(Expressed in thousand of euros)

(Expressed in thousand of euros)

	12/31/13	12/31/12
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	-2,284	52,332
Adjustment for:		
Amortization of audiovisual property rights (Note 8)	173,927	210,469
Depreciation and amortization charge (Note 6 and 7)	18,076	15,929
Result of companies accounted for using the equity method (Note 10)	70,745	(8,452)
Change in provisions for contingencies and charges	(14,994)	(4,989)
Proceeds from disposal of non-current assets	-	(64)
Net finance income (Note 23.6)	3,111	3,907
Net exchange differences (Note 23.7)	154	61
Disposals of other assets	338	7,308
Impairment of other financial assets	94	1,019
Profits from operations before changes in working capital	249,167	277,520
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	1,276	1,743
Accounts receivable	(12,931)	28,960
Other current assets	(4,183)	50,631
Accounts payable	(20,638)	(87,597)
Other current liabilities	12,886	(2,121)
Change in provisions	(15,849)	(7,242)
Cash flows from operating activities	209,728	261,894
Taxes paid at sources	1,976	(12,552)
Net cash flows from operating activities (A)	211,704	249,342

(Continue)

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

(Continued)

(Expressed in thousand of euros)

	12/31/13	12/31/12
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant, and equipment (Note 6)	(4,355)	(6,603)
Investments in audiovisual property rights	(188,192)	(207,990)
Disposals of audiovisual rights	462	2,715
Investment in intangible assets (Note 7)	(2,273)	(2,296)
Disposals of non-current financial assets	(101)	45,983
Investments in associates	(492)	(9,044)
Investment in other current and non-current financial assets	1,313	53,725
Dividend received	2,826	22,101
Interest received	415	2,669
Net cash flows from investing activities (B)	**(190,397)**	**(98,740)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	3,222	1,258
Interest paid	(2,998)	(2,825)
Dividends paid (Note 15.2)	-	(55,260)
Short term financing	397	(61,718)
Net cash flows used in financing activities (C)	**621**	**(118,545)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	21,928	32,057
Net foreign exchange difference	154	61
Net change in cash and cash equivalents	22,082	32,118
Cash and cash equivalents at beginning of the year (Note 14)	90,692	58,574
Cash and cash equivalents at end of the year (Note 14)	**112,774**	**90,692**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at December 31, 2013.

1. CORPORATE PURPOSE OF THE MEDIASET ESPAÑA COMUNICACIÓN, S.A. GROUP COMPANIES

MEDIASET ESPAÑA COMUNICACIÓN , S.A. - PARENT

Mediaset España Comunicación, S.A. ("Mediaset España", the "Company" or the "parent") domiciled at the Carretera de Fuencarral to Alcobendas, nº 4, 28049 Madrid, was incorporated in Madrid on March 10, 1989.

The Company is devoted to the indirect management of Servicio Público de Televisión, and at December 31, 2013, operates eight different TV channels: Telecinco, Siete, Factoria de Ficción, Boing, Cuatro, Divinity, Energy, and Nueve. The licenses to operate these channels were granted as follows:

- Based on the terms of the concession granted by the government as per the General Communications Secretary's resolution of August 28, 1989, and a concession contract ratified by public deed on October 3, 1989, as well as the transactions resulting from these arrangements.

- This agreement was renewed for ten years from April 3, 2000 by virtue of a Council of Ministers' resolution dated March 10, 2000.

- A Council of Ministers' resolution of November 25, 2005 extended this concession agreement as well as those of other national concessionaires to include three DTT (digital terrestrial television) channels.

- A Council of Ministers' resolution of March 26, 2010 renewed this concession for an additional ten years. The Company has made all the investments required to start digital transmissions pursuant to Royal Decree 2169/1998, of October 9, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Transitional Provision Two of Audiovisual Law, on May 3, 2010, the Company requested that the concession be changed to a license to offer an audiovisual communication service. Under the Council of Ministers' resolution of June 11, 2010, the concession became a 15-year license to offer an audiovisual communication service. This license is automatically renewable for the same period provided the Company meets the requirements of Article 28 of the Audiovisual Law 7/2010, of March 31.

- Since the analogical blackout on April 3, 2010 (when analogical broadcasts ended), and by virtue of Additional Provision Three of Royal Decree 944/2005 on May 4, 2010, the Company has access to a multiple digital license with national coverage, which increases the channels it manages to four.

- Following the acquisition of Sogecuatro, S.A. in 2010, the Company obtained Cuatro's multiplex licenses (Cuatro and three more channels). After year-end 2012, the new "Nueve" channel began broadcasting definitively.

- Per Article 4 of its bylaws, the Company was incorporated for an indefinite period.

- The Company was admitted for listing on the Stock Exchange on June 24, 2004, and its shares are traded on the Madrid, Barcelona, Bilbao, and Valencia Stock Exchanges. The shares were included in the IBEX-35 index on January 3, 2005.

- The Group's main business activity is selling advertising on the TV channels it operates as a concessionaire, as well as similar, complementary, and related activities such as:

(Expressed in thousand of euros)

– Audiovisual production
– News agency
– Advertising promotion
– Online gaming

- The Company is head of a Group of subsidiaries making up the Mediaset España Comunicación Group ("the Group"). Consequently, Mediaset España Comunicación, S.A. is required to prepare, in addition to its individual financial statements, consolidated financial statements for the Group. The consolidated Group companies are as follows:

Fully consolidated companies	Country	2013	2012
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Conecta 5 Telecinco, S.A.U.	Spain	100%	100%
Mediacinco Cartera, S.L.	Spain	75%	75%
Publimedia Gestión, S.A.U. (1)	Spain	100%	100%
Sogecable Media, S.L.U.	Spain	100%	100%
Sogecable Editorial, S.A.U.	Spain	100%	100%
Premiere Megaplex, S.A.U.	Spain	100%	100%
Integración Transmedia, S.A.U. (1)	Spain	100%	-
Companies accounted for using the equity method	**País**	**2013**	**2012**
Pegaso Televisión, Inc	USA	44%	44%
Bigbang Media, S.L.	Spain	30%	30%
Producciones Mandarina, S.L.	Spain	30%	30%
La Fábrica de la Tele, S.L.	Spain	30%	30%
DTS, Distribuidora de Televisión Digital, S.A.	Spain	22%	22%
Furia de Titanes II, A.I.E. (3)	Spain	34%	34%
Editora Digital de Medios S.L.	Spain	50%	50%
60 DB Entertainment. S.L.	Spain	30%	30%
Megamedia Televisión, S.L. (2)	Spain	30%	-
Supersport Televisión, S.L.	Spain	30%	-
Netsonic, S.L. (1)	Spain	38,04%	-

(1) The ownership interest in these companies is held through Publiespaña, S.A.U.
(2) The ownership interest in this company is held through Conecta 5 Telecinco, S.A.U.
(3) The ownership interest in this A.I.E. is held through Telecinco Cinema, S.A.U.

Changes in the consolidation scope during the year ended December 31, 2013

- On September 26, 2013, Integración Transmedia, S.A.U., was acquired (wholly owned by Publiespaña, S.A.U.). This Company is consolidated using the full consolidation method.
- Conecta 5 Telecinco, S.A.U. has a 30% investment in Megamedia Televisión, S.L., which was acquired on July 31, 2013.
- Also, on July 18, 2013, Mediaset España Comunicación, S.A. acquired 30% of Supersport Televisión, S.L.
- On December 5, 2013, 38.04% of Netsonic, S.L. was acquired by Publiespaña, S.A.U.

Changes in the consolidation scope during the year ended December 31, 2012

- In 2012, Telecinco Cinema, S.A.U. acquired 34% of Economic Interest Group Furia de Titanes II, A.I.E.
- On July 26, 2012, Editora Digital de Medios, S.L.U. was formed; Mediaset España Comunicación, S.A. owns 50%.
- Mediaset España Comunicación, S.A. also acquired 30% of 60 DB Entertainment, S.L.U.

SUBSIDIARIES

Subsidiaries are defined as companies over which the parent has the capacity to exercise effective control, which is presumed to exist when the parent directly or indirectly owns half or more of the voting power of the investee.

1. Fully consolidated companies (wholly-owned by Mediaset España Comunicación S.A.)

Grupo Editorial Tele 5, S.A.U.

Grupo Editorial Tele 5, S.A.U. was incorporated in Madrid on July 10, 1991, and its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

Its company objective is to carry on, inter alia, the following activities which are complementary to operating a television channel: the acquisition and exploitation of phonogram and audiovisual recording rights, artistic representation, the promotion of events and the publishing, production, distribution, and marketing of publications and graphic materials.

Telecinco Cinema S.A.U.

Digitel 5, S.A.U. was incorporated in Madrid on September 23, 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

In November 1999, the change of its corporate name from Dígitel 5, S.A.U. to Estudios Picasso Fábrica de Ficción, S.A.U. was registered at the Mercantile Registry.

In May 2007, the change of its corporate name to Producciones Cinematográficas Telecinco, S.A.U. was registered at the Mercantile Registry.

In November 2007, the change of its corporate name to Telecinco Cinema, S.A.U. was registered at the Mercantile Registry.

The company object includes mainly, although not exclusively, the provision of television broadcasting services through digital technology, research, development and commercialization of new technologies related to telecommunications; any activity that might be required for television broadcasting, intermediation in the markets for audiovisual rights; organization, production, and broadcasting of shows or events of any kind.

Publiespaña, S.A.U.

Publiespaña, S.A.U. was incorporated on November 3, 1988. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company's objects are as follows:

a) The performance and execution of advertising projects, and all manner of work relating to the commissioning, intermediation, and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.

b) The performance of activities relating directly or indirectly to marketing, merchandising, telesales, and any other commercial activity.

c) The organization and production of cultural, sports, musical or any other event, and the acquisition and exploitation, by any means, of all manner of rights relating thereto.

d) The provision of advisory analysis and management services, using any procedure relating to the aforementioned activities.

e) These activities may be performed fully or partially indirectly by the company, through equity investments in other companies with a similar object.

Conecta 5 Telecinco, S.A.U.

Europortal, S.A. was incorporated on September 6, 1999. On October 14, 1999, the company changed its name to Europortal Jumpy, S.A. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

On November 5, 2007, its name was changed to Conecta 5 Telecinco, S.A.U.

Its company objective is the exploitation of audiovisual content on the Internet.

Mediacinco Cartera, S.L. (75% owned)

Mediacinco Cartera, S.L.U. was incorporated on April 13, 2007. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

Its company objectives are:

a) The investment through acquisition, subscription, assumption, disbursement, ownership, transfer, disposal, contribution, and charging of Marketable Securities, including shares and other equity investments in companies and joint property entities, company subscription rights, exchangeable and non-exchangeable debentures, commercial bonds, "rights" bonds, fixed-income, and equity securities, irrespective of whether or not they are on the official stock exchanges and government debt securities, including treasury bills and promissory notes, bills of exchange, and certificates of deposit, all in accordance with the applicable legislation.

b) The provision of accounting, financial, tax, civil law, corporate law, labor law, and administrative law administration, management and advisory services to other companies in which it has direct or indirect ownership interests.

Sogecable Media, S.A.U.

Sogecable Media, S.A.U was incorporated on October 10, 2005 to manage the sale of advertising through CUATRO's audiovisual media, Prisa TV's theme channels on DIGITAL+ and the DIGITAL+ magazine. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4. This company is currently dormant.

Sogecable Editorial, S.A.U.

Sogecable Editorial, S.A.U.'s registered office is at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objective includes the following activities, which are complementary to operating a television channel:

a) the acquisition and exploitation of sound and audiovisual recording rights,

b) the representation of artists,

c) the promotion of shows and the edition, production, distribution, and marketing of publications and graphic material.

Premiere Megaplex, S.A.

Premiere Megaplex, S.A.'s registered office is at Carretera de Fuencarral a Alcobendas, nº 4.

The Company is engaged in:

Activities related to gambling and betting, e.g. the organization, sale and operation of games, bets, raffles, contests, et al in which amounts of money or other financial consideration is at stake and whose outcome is uncertain, irrespective of players' skills, as well as activities that are exclusive to or sponsored by such activities. These activities are governed by Law 13/2011, of May 27, on the regulation of gambling.

2. Fully consolidated companies (wholly-owned by Publiespaña S.A.U.)

Publimedia Gestión, S.A.U.

Publimedia Gestión, S.A.U. was incorporated in Madrid on November 23, 1999. The Company's registered office is Carretera de Fuencarral a Alcobendas, nº 4. It does business all across Spain through its Madrid office.

The Company is devoted to the following:

a) Creation, acquisition, production, co-production, edition, filming, recording, reproduction, broadcasting, distribution, commercialization, and any other business activities related to audiovisual, written, and IT productions or recordings, as well as related rights.

b) Creation and execution of advertising projects as well as tasks related to contracting, intermediation, and distribution of advertising messages in any and all possible formats, through any and all dissemination methods or social networks.

c) Direct and indirect creation, acquisition, commercialization, or exploitation of brands, patents, and other types of industrial property or image rights, as well as any supporting objects, models, or methods involved in their use.

d) Activities directly or indirectly related to marketing, merchandising, or any other commercial activities.

e) Organization and production of cultural, sporting, musical, or any other type of event, as well as the acquisition and any type of exploitation of all types of related rights.

f) Providing advisory, analysis, and management services related to procedures or related to any of the abovementioned activities.

Integración Transmedia, S.A.U.

Transmedia, S.A.U.'s registered office is Carretera de Fuencarral a Alcobendas, nº 4.

The Company is engaged in:

Creation and execution of advertising projects as well as tasks related to contracting, intermediation, and distribution of advertising messages in any and all possible formats, through any and all dissemination methods or networks.

Activities directly or indirectly related to marketing, merchandising, tele-sales, or any other commercial activities.

Organization and production of cultural, sporting, musical, or any other type of event, as well as acquisition and operation of all types of related rights.

Providing advisory, analysis, and management services related to procedures or related to any of the abovementioned activities.

(Expressed in thousand of euros)

ASSOCIATES OF MEDIASET ESPAÑA COMUNICACIÓN, S.A.

Associates are companies over which the Company is in a position to exercise significant influence, which is presumed to exist when an investment of at least 20% is held, but not control or joint control.

1. Direct ownership through Mediaset España Comunicación, S.A.

Company	2013	2012	Line of business
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	43,7%	43,7%	Channeling of the investment in Caribevisión Network, a TV broadcaster on the east coast of the US and in Puerto Rico.
Bigbang Media, S.L. C/ Almagro, 3 28010 Madrid	30%	30%	Production and distribution of all classes of audiovisual programs and products in any support format
DTS, Distribuidora de Televisión Digital, S.A. Avda de los Artesanos, 6 28760 Tres Cantos, Madrid	22%	22%	Indirect management of pay TV service
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	30%	Creation, development, production, and commercial exploitation of audiovisual content
La Fábrica de la Tele, S.L. C/ Ángel Gavinet, 18 28007 Madrid	30%	30%	Creation, development, production, and commercial exploitation of audiovisual content
Editora Digital de Medios, S.L. C/Condesa de Venadito, 1 28027 Madrid	50%	50%	Creation, development, and operation of a digital diary specialized in communication media, particularly audiovisual.
60 dB Entertainment. S.L. Avenida Diagonal, 558 08021 Barcelona	30%	30%	Creation and development of audiovisual content in all formats, including: entertainment, fiction, advertising, or similar, as well as the production and commercial exploitation of events in all forms and media formats.
Supersport Televisión, S.L. C/ María Tubau, 5-4ª Planta 28050 Madrid	30%	-	Production of news programs, especially those which are sports-related.

(Expressed in thousand of euros)

2. Indirect ownership through Mediacinco Cartera, S.L.

Company	2013	2012	Line of business
Edam Acquisition Holding I Coöperatief U.A. Flevolaan 41 a 1411 KC Naarden, Ámsterdam	-	33%	Holding company for the investment in the Endemol Group, which produces and operates content for television and other audiovisual platforms.

This investment was sold effective July 2013.

3. Indirect ownership through Telecinco Cinema, S.A.U.

Company	2013	2012	Line of business
Agrupación de Interés Económico Furia de Titanes II, A.I.E. C/ Teobaldo Power, 2-3° D Santa Cruz de Tenerife	34%	34%	Proprietary and third-party presentation of telecommunication services in all forms and formats, known or unknown, in accordance with legal regulations, and all types of participation in the creation, production, distribution, and all other operation of audiovisual productions, be they fiction, animated, documentary in nature.

4. Indirect ownership through Conecta 5 Telecinco, S.A.U.

Company	2013	2012	Line of business
Megamedia Televisión, S.L. C/María Tubau, 5-4ª Planta 28050 Madrid	30%	-	Creation, development, production, and operation of audiovisual multimedia content.

5. Indirect ownership through Publiespaña, S.A.U.

Company	2013	2012	Line of business
Netsonic, S.L. Gran Vía de las Corts Catalanes, 630, 4ª Planta 08007 Barcelona	38.04%	-	Creation of an online video advertising platform grouping Latin American channels, including international media groups with Latam audiences as well as those specifically aimed at Latam viewers.

These companies are accounted for using the equity method, since the Group is not a majority shareholder and does not exercise control.

None of these companies is publicly listed.

In accordance with what is established in the Spanish Corporation Law, the parent has duly notified the investees of its acquisition of their share capital. It has no commitments which could lead to contingent liabilities with respect to these companies.

2. BASIS OF PRESENTATION AND COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated financial statements for 2013 were formally prepared:

- By the directors, at the Board of Directors Meeting held on February 26, 2014.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were also prepared considering the following:

- All the accounting principles and standards, as well as the measurement bases which are of mandatory application which have a significant impact on the consolidated financial statements, as well as permitted alternatives and which are specified in the accompany notes thereto.
- The consolidated financial statements were prepared on a cost basis, except for derivatives and available-for-sale financial assets, which have been measured at fair value.
- Therefore, these financial statements give a true and fair view of the Group's consolidated equity and consolidated financial position at December 31, 2013, as well as the results of its operations, changes in consolidated equity and consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

The company is the parent company of a Group and in accordance with International Financial Reporting Standards adopted by the European Union it is required to prepare a set of consolidated financial statements under IFRS-EU as it is a listed group.

Since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2013 and 2012 (IFRSs) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

The 2013 consolidated financial statements of the Group and the 2013 financial statements of the Group companies have not yet been approved by their shareholders at the respective annual general meetings; they are expected to be approved without modification.

The statement of comprehensive income is presented in two statements; one which presents the components of income (Separate Income Statement) and a second statement which presents the components of comprehensive income (Statement of Comprehensive Income).

The consolidated separate income statement is presented on the basis of the nature of expenses.

The consolidated cash flow statement is presented using the indirect method.

At the date of authorization for issue of these consolidated financial statements, the Group had applied all the mandatory IFRSs and interpretations adopted by the European Union (IFRS-EU) and in force for annual periods beginning on or after January 1, 2013.

In accordance with mercantile legislation, for comparative purposes, figures for both 2013 and 2012 are presented for each of the captions included in the consolidated statement of financial position, consolidated separate income statement, consolidated statement of changes in equity and consolidated cash flow statement. In the explanatory notes quantitative information for 2012 is also included, unless an accounting standard specifically states that this is not required.

2.2. Changes in accounting policies

a) EU-approved standards and interpretations applicable for the first time in 2013

The accounting policies used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2012, as no new accounting principles, interpretation, or amendments applicable for the first time this year has had an effect on the Group.

b) Standards and interpretations published by the IASB, but not yet applicable in this period

The Group intends to adopt these standards, interpretations, and amendments thereof published by the IASB but not considered mandatory in the European Union at the date these consolidated financial statements were prepared. However, they will be applied when they come into force. Based on the information available to date, the Group believes that their first-time application will not have a material impact on the consolidated financial statements.

2.3. Responsibility for the information and use of estimates

The information in these financial statements is the responsibility of the Company's directors.

In preparing the Group's consolidated financial statements for 2013, certain estimates and assumptions were made on the basis of the best information available at December 31, 2013 on the events analyzed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the related consolidated income statements.

Estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the estimates are changed if they affect only that period or in the period of the changes and future periods if they affect both current and future periods. The main hypothesis and assumptions regarding future events and other uncertain sources of estimates at the date of preparation of the financial statements that may cause corrections to assets and liabilities are as follows.

- **Impairment of non-current assets**

  The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangible assets are tested for impairment annually and at any time when such indications exists. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable.

  If there is objective evidence that an impairment loss occur, the amount of the impairment loss is measured as the difference between the carrying amount of the assets and the estimated future cash-flow discounting using a proper discount rate.

- **Impairment of financial assets**

  The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired including companies accounted for using the equity method (Notes 9 and 10).

  If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through use of an allowance account.

  If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the separate income statement.

- **Useful life of property, plant, and equipment, and intangible assets**

  The Group periodically reviews the useful lives of its property, plant, and equipment, and its intangible assets, prospectively adjusting the provisions for depreciation when the estimates change

- **Recoverability of deferred tax assets**

  If the Group or any of the Group companies present tax credits relating to deferred tax assets, the corresponding estimates of tax loss carryforwards expected in future years are reviewed at year end to assess their recoverability depending on their maturity and, if applicable, recognize the related impairment loss where recoverability is not assured.

- **Provisions**

  The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.19. The Group has made judgments and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

- **Share based payments**

  The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

(Expressed in thousand of euros)

3. PROPOSED DISTRIBUTION OF THE PROFIT OF THE PARENT

The distribution of the parent's net profit for 2013 that its Board of Directors will propose for approval by the shareholders at the annual general meeting on April 9, 2014 is as follows:

Base for distribution	2013
Profit for the year	(8,594)
Total	(8,594)
Distribution	
Prior year losses	(8,594)
Total	(8,594)

Companies are required to set aside a restricted reserve equal to the amount of goodwill shown in assets. An amount of profit representing at least 5% of goodwill must be earmarked for this purpose. If no profit or insufficient profit is earned, unrestricted reserves must be used for this purpose. As this year the parent reported losses, the related allocation for goodwill will be made against voluntary reserves (14,399 thousand euros).

4. ACCOUNTING POLICIES

The principal accounting policies used in preparing the Group's consolidated financial statements were as follows:

4.1. Basis of consolidation

The Group's consolidated financial statements include the financial statements of all the companies over which the Group has control. Control is the power to govern a company's financial and operating policies in order to obtain benefits from its activities. All intra-Group balances and transactions were eliminated on consolidation. Associates, companies over which the Group exercises significant influence but not control, were accounted for using the equity method.

However, given that the accounting principles and measurement bases applied when preparing the Group's consolidated financial statements for 2013 and 2012 (EU-IFRS) vary from those used by the companies composing the Group (local standards), the necessary adjustments and reclassifications have been made on consolidation to standardize the most significant measurement and recognition principles between the companies and to adapt these to EU-adopted IFRS.

All items of property, plant, and equipment, and intangible assets are linked to production and the generation of revenue from business activities.

4.2. Translation of financial statements of foreign subsidiaries

The consolidated annual financial statements are presented in euros, which is the Group's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The statement of financial position and separate income statement headings of consolidated foreign companies are translated to euros at the year-end exchange rate, which means:

- All assets, rights and liabilities are translated to euros at the exchange rate ruling at the close of the foreign subsidiaries' accounts.
- Separate Income statement headings are translated at the average exchange rate.

The difference between the equity of foreign companies, including the balance of the separate income statement, translated at year–end exchange rates and the equity obtained translating the assets, rights and liabilities by applying the criteria set forth above are shown under "Translation differences", under equity in the consolidated statement of financial position.

4.3. Related parties

The corresponding heading in the consolidated statement of financial position includes the balances with significant shareholders and associates. The other balances arising from related-party transactions with directors and key management personnel are classified under the appropriate consolidated statement of financial position headings.

4.4. Current/Non-current classification

In the accompanying consolidated statement of financial position, assets and liabilities maturing within no more than 12 months are classified as current items and those maturing within more than 12 months are classified as non-current items.

Audiovisual rights are classified in full as non-current assets. Note 8 details the rights that the Group expects to amortize within a period of less than 12 months.

4.5. Property, plant, and equipment

Property, plant, and equipment are recognized using the cost model, which includes the cost of acquisition of the assets and the additional expenses incurred until they have become operational. Property, plant, and equipment are measured at the lower of cost and recoverable amount.

Repairs that do not lead to a lengthening of the useful life of the assets and maintenance expenses are charged directly to the separate income statement.

The depreciation of property, plant, and equipment is calculated systematically, using the straight-line method, on the basis of the useful life of the assets, based on the actual decline in value caused by their use and by wear and tear.

The depreciation rates used to calculate the decline in value of the various items of property, plant, and equipment are as follows:

(Expressed in thousand of euros)

	Rate
Buildings	4 %
TV equipment	20 %
Fixtures	10%
Tools	20 %
Furniture	10 %
Computer hardware	25 %
Transportation equipment	14-15%
Other items of property, plant, and equipment	20 %

4.6. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are recognized as such only when the Group can demonstrate how the asset will generate future economic benefits and the ability to measure reliably the expenditure during development.

- **Development expenditure**

  Expenditure on development activities is recognized as an expense as incurred, except in the case of computer software projects that have reached the development stage. These expenses are measured at cost and are allocated to specific projects until the projects have been completed, provided there is a reasonable assurance that they can be financed through completion and there are sound reasons to foresee their technical success.

- **Trademarks and trade names**

  These relate mainly to licenses to use industrial property rights and television channel concessions.

  The "Cuatro" trademark and the "Cuatro" multiplex operators' license were identified in the Sogecuatro Group purchase price allocation. The "Cuatro" trademark has an estimated useful life of 20 years.

  The license is considered to be an intangible asset with an indefinite useful life. Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment at least annually or when there are indications of impairment.

- **Computer software**

  This includes the amounts paid for title to or the right to use computer programs. Computer software maintenance costs are recognized with a charge to the income statement for the year in which they are incurred.

  Computer software is amortized over three years from the date on which it starts to be used.

4.7. Audiovisual property rights

4.7.1. Outside production rights

These consist primarily of rights acquired for a period that exceeds one business year. These rights are measured at cost and relate to the individual value of each right. If they are acquired in closed packages, with no breakdown of the individual value of each product, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category that would have been incurred had the acquisition been made on an individual basis.

The cost of audiovisual rights acquired in a business combination is fair value at the date of acquisition.

The right is recognized at the earlier of the time the material becomes available for broadcasting pursuant to the contract or, if earlier, the date on which the right commences. In the case of several rights associated with a single contract that are accepted during the same year but on different dates, the Group recognizes the inclusion of the rights under the contract on the earlier of the date on which the first right is accepted for broadcasting and the date the rights commence.

These rights are recognized in the separate income statement under "Amortization of audiovisual property rights", based on the number of screenings, as follows:

1. **Films and TV movies (non-series)**

    1.1. Contractual rights for two screenings:

    First screening: 50% of acquisition cost.

    Second screening: 50% of acquisition cost.

    1.2. Contractual rights for three or more screenings:

    First screening: 50% of acquisition cost.

    Second screening: 30% of acquisition cost.

    Third screening: 20% of acquisition cost

2. **Other products (series)**

    2.1. Contractual rights for two or more screenings:

    First screening: 50% of acquisition cost.

    Second screening: 50% of acquisition cost.

When a screening is sold to a third party, the value of the screening, calculated on the basis of the aforementioned percentages, is amortized on the basis of the territorial television signal distribution capacity of the television station buying the screenings, and a cost of sales is recognized based on the revenue generated in the region where the screening has been sold, with adjustments made to the unsold value of the screening in question.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.11.

4.7.2. Series in-house production rights

This includes productions owed by the Group in which it may proceed with broadcasting or subsequent sale.

Their value includes both the costs incurred directly by the Group and the amounts billed by third parties.

The cost of audiovisual rights acquired in a business combination is fair value at the date of acquisition.

The residual value, estimated at 2% of the total cost, is amortized on a straight-line basis over three years from the time the productions become available; unless these rights are sold to third parties during the amortization period, in which case the residual value is allocated to the revenue generated by the sale.

These rights are recognized in the separate income statement under "Rights consumption" based on the number of shows broadcast in accordance with the following:

- **Series of less than 60 minutes and/or broadcast daily.**

  First screening: 100% of the amortizable value.

- **Series of more than 60 minutes and/or broadcasted weekly.**

  First screening: 90% of the amortizable value.

  Second screening: 10 % of the amortizable value, excepting promotional coupons.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.11.

4.7.3. Distribution rights

These include the rights acquired by the Group for their exploitation in all windows in Spain.

The cost of the right is that stipulated in the contract. Amortization of distribution rights is recognized on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Audiovisual property rights".

In the free-to-air window, the amortization of the rights is recognized in the separate income statement under "Amortization of audiovisual property rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.4. Co-production rights

These include the co-production rights acquired by the Group for exploitation in all windows.

The cost of the right is that stipulated in the contract. Amortization of co-production rights is recognized on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified to "Audiovisual property rights".

In the free-to-air window, the amortization of the rights is recognized in the separate income statement under "Amortization of audiovisual property rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.5. Master copies and dubbing

These items relate to the material supporting the audiovisual property rights and the cost of dubbing original versions, respectively.

They are measured at cost and the related amortization is recognized at the same rate as the amortization of the audiovisual property rights with which they are associated.

4.7.6. Retransmission rights

The costs for the rights to broadcast sport are recognized under "Procurements" in the separate income statement at the cost stipulated in the agreement. The costs are recognized when each event is broadcast. Advance payments are recognized in the statement of financial position under other current assets.

4.8. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of the business combination is determined by measuring the identifiable assets acquired and liabilities assumed at their acquisition-date fair values. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. The acquirer shall account for acquisition-related costs as expenses in the income statement, as incurred.

When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, its operating or accounting policies, and other pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Any contingent consideration the Group transfers is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as an asset or liability will be recognized in accordance with IAS 39, with any resulting gain or loss recognized either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the fair value of the identifiable assets and liabilities measured as such in the acquiree. If this consideration is lower, the difference is recognized in the separate income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units expected to benefit from the combination's synergies, irrespective of whether other Group assets or liabilities are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit or groups of cash-generating units to which the goodwill relates. If the recoverable amount of the cash-generating unit or group of cash-generating units is less than the carrying amount, the Group recognizes an impairment loss.

Goodwill impairment losses cannot be reversed in future periods.

When an entity sells or otherwise disposes of an operation within a cash-generating unit to which goodwill has been allocated, the goodwill associated with the operation should be included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operation disposed of or sold and the portion of the cash-generating unit retained.

4.9. Non-current investments in companies accounted for using the equity method

The companies over which the Group exercises significant influence, directly or indirectly, through an ownership interest of 20% or more in the voting power of the investee are accounted for using the equity method.

Investments in an investee are initially recognized at cost, which will be increased or reduced on the basis of the Group's share of the investee's equity, subsequent to the date of acquisition.

The value of these investments in the consolidated statement of financial position includes, where applicable, the goodwill arising on the acquisition thereof.

The results of the investee are recognized in profit or loss in proportion to the Group's percentage of ownership. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the statements of changes in equity.

The dividends received from investees reduce the carrying amount of the investment.

Following the application of the equity method and recognition of the value of the associate, if there is any indication that the investment might have become impaired, pursuant to IAS 39 the relevant analysis and impairment tests are carried out in order to recognize the impact of the impairment loss on the investment in the year in which it is detected.

If the Group's share of losses of the associate equals or exceeds its investment, it discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any non-current interest that, in substance, form part of the investor's net investment in the associate. Losses recognized under the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the interest in the associate in the reverse order of their seniority (i.e. priority in liquidation).

Upon loss of significant influence in the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment is recognized in the separate income statement.

In addition, amounts recognized in "Recyclable reserves in associates" are reclassified to the separate income statement, with the investment in that company recognized under "Non-current financial assets" in the consolidated statement of financial position.

4.10. Financial assets

Financial assets are initially recognized at fair value, including, in case investments are not recognized at fair value with changes in results, general transactions costs.

The Group determines the classification of its financial assets on initial recognition and re-evaluates this designation at each financial year end.

The financial assets held by the Group companies are classified as:

- Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the company. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method.
- Originated loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables in the consolidated statement of financial position maturing in 12 months or less from the consolidated statement of financial position date are classified as current and those maturing in over 12 months as non-current.
- Available-for-sale financial assets: are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the separate income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the separate income statement.
- Financial assets at fair value through profit and loss: Financial assets classified as held for trading are included in the category financial assets at fair value through profit and loss. Financial assets are classified as held for trading when they are acquired for the purpose of selling in the near future. Derivatives are also classified as held for trading unless they are effective hedging instruments and identified as such. Gains or losses on financial assets held for trading are recognized in profit or loss. The Group has no held-for-trading financial assets.

The fair value of a financial instrument on a given date is taken to be the amount for which it could be bought or sold on that date by two knowledgeable, willing parties in an arm's length transaction acting prudently. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organized, transparent and deep market ("quoted price" or "market price"). If this market price cannot be determined objectively and reliably for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or of the discounted present value of all the future cash flows (collections or payments), applying a market interest rate for similar financial instruments (same term, currency, interest rate, and same equivalent risk rating).

4.11. Impairment of non-current assets

4.11.1. Non-financial assets

The Group assesses periodically and at least at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the separate income statement.

At each reporting date the group assesses if there are indications that a previously recognized impairment loss is reversed or reduced. If this is the case, the Group estimates the asset's recoverable amount. Except for goodwill, an impairment loss previously recognized can be reverted if there has been a change in the circumstances that caused it. Such reversal is recognized in the consolidated separate income statement. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset.

Goodwill and intangible assets

Goodwill and intangibles with indefinite lives are tested for impairment by determining the recoverable amount of the cash-generating unit (or groups of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. At December 31, 2013, the recoverable amount of the cash-generating units exceeded the carrying amount.

4.11.2. Financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

- **Assets carried at amortized cost**

  If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

- **Available-for-sale financial investments**

  If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the separate income statement.

4.12. Inventories

The cost of producing in-house productions is determined taking into account all the costs allocable to the product incurred by the Group. Advances paid for programs are also included.

The production costs are expensed when the related programs are broadcast.

4.13. Cash equivalents

The cash equivalents comprise mainly short-term deposits, short-term marketable bills and notes, short-term government bonds and other money market assets maturing at three months or less.

4.14. Grants

The amounts received are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

The difference between the nominal value and the fair value of the loan is deducted from the carrying amount of the related asset and is allocated to the separate income statement according to financial criteria.

4.15. Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate income statement on the purchase, sale, issue or cancellation of the parent's own equity instruments. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

4.16. Financial liabilities

Financial liabilities are initially measured at fair value less attributable transaction costs. Following initial recognition, financial liabilities are measured at amortized cost, with any differences between cost and redemption value recognized in the consolidated separate income statement over the period of the borrowings, using the effective interest rate method.

Liabilities maturing in less than 12 months from the consolidated statement of financial position date are classified as current, while those with longer maturity periods are classified as non-current.

4.17. Derivative financial instruments

The Group uses financial derivatives to manage some its interest rate risk exposure.

Cash flow hedges are a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in the separate income statement.

Amounts taken to equity are transferred to the separate income statement when the hedged transaction affects profit or loss such as when hedged financial income or expense is recognized or when a forecast sale or purchase occurs.

Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognized in equity are transferred to the separate income statement. If a hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to income.

The Group's financial derivatives at December 31, 2013 and 2012 were classified as held for trading, with gains or losses recognized in the consolidated separate income statement.

4.18. Derecognition of financial assets and liabilities

4.18.1. Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the assets have expired.
- The Group retains the right to receive the cash flows from the asset but has assumed the obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement.
- The Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.18.2. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the separate income statement.

4.19. Provisions and contingencies

Provisions are recognized in the consolidated statement of financial position where the Group has a present obligation (either legal or tacit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Amounts recognized as provisions are the best estimate of the amounts required to offset the current value of those obligations at the consolidated statement of financial position date.

Provisions are reviewed at each year end and adjusted to reflect the current best estimate of the liability.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

4.20. Income tax

The parent, Mediaset España Comunicación, S.A., files consolidated income tax returns with the following subsidiaries:

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Publimedia, S.A.U.
- Mediacinco Cartera, S.L.
- Conecta 5 Telecinco, S.A.U.
- Sogecable Editorial, S.A.U.
- Sogecable Media, S.A.U.
- Premiere Megaplex, S.A.U
- Integración Transmedia, S.A.U.

The income tax expense for the year is recognized in the separate income statement, except in cases in which it relates to items that are recognized directly in the statement of other comprehensive income or equity, in which case the related tax is also recognized in equity.

Deferred tax assets and liabilities are recognized on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realized or the liability is settled. Deferred tax assets and liabilities arising from changes in equity are charged or credited directly to equity. Deferred tax assets and tax loss and tax credit carryforwards are only recognized when the probability of their future realization is reasonably assured and are adjusted subsequently if it is not considered probable that taxable profits will be obtained in the future.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities taking the tax rates prevailing at the consolidated statement of financial position date and including any tax adjustments from previous years.

The Group recognizes deferred tax liabilities for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes deferred income tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits or losses can be utilized, except:

- Where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. The Group also reviews unrecognized deferred income tax assets at each statement of financial position date and recognizes them to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.21. Revenue and expense recognition

Revenue and expenses are recognized net of the related taxes, except in the case of non-deductible expenses.

In accordance with the accrual principle, income and expenses are recognized when the goods or services represented by them take place, regardless of when actual payment or collection occurs.

Revenue associated with the rendering of services is recognized by reference to the stage of completion of the services, provided that the revenue can be measured reliably.

The Group's main source of revenue is from advertising. This revenue is recognized in the period in which it is earned; i.e. when the related advertisement is broadcast.

Expenses, including discounts and volume rebates, are recognized in the separate income statement in the period in which they are incurred.

4.22. Equity-settled transactions

The Company maintains share option plans related to the compensation system for executive directors and board members that are settled by delivering Company shares. The employee benefits expense is determined based on the fair value of the share options to be awarded on the date the option is granted. This expense is recognized over the stipulated three-year period during which the services are rendered. The fair value of share options established at the date the award was granted is not modified.

The options' fair value is measured based on an internal valuation using valuation option models –specifically, the binomial method– and taking into account the price of the option in the year, the life of the option, the price of the underlying shares, the expected volatility of the share price, estimated dividend payments and the risk-free interest rate for the life of the option. The option valuation models and the assumptions used are described in Note 21.

4.23. Transactions in foreign currency

Transactions in foreign currency are initially recognized at the exchange rate prevailing at the date of the transaction. All exchange gains or losses arising from translation as well as those arising when statement of financial position items settled are recognized in the separate income statement.

4.24. Earnings per share

The Group calculates basic earnings per share on the basis of the weighted average number of shares outstanding at year end. The calculation of diluted earnings per share also includes the dilutive effect, if any, of stock options granted during the year.

4.25. Environmental issues

In view of the business activities carried out by the Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. Therefore, no specific environmental disclosures have been included in these notes to the financial statements.

(Expressed in thousand of euros)

5. SEGMENT INFORMATION

In accordance with IFRS 8, free-to-air TV is the Group's only identified operating segment.

6. PROPERTY, PLANT, AND EQUIPMENT

The breakdown of the balances of "Property, plant, and equipment" and of the changes therein in the years ended December 31, 2013 and 2012 is as follows:

	Balance at 12/31/11	Additions	Disposals	Transfers	Balance at 12/31/12	Additions	Disposals	Transfers	Balance at 12/31/13
COST									
Land and natural resources	14,970	-	-	-	14,970	-	-	-	14,970
Buildings and other structures	32,443	157	-	4,951	37,551	88	-	147	37,786
Machinery, plants, and tools	91,916	1,931	(2,782)	5,472	96,537	1,835	(1,236)	913	98,049
Furniture and fixture	4,865	242	(43)	-	5,064	301	(182)	-	5,183
Computer hardware	15,116	974	(625)	157	15,622	744	(1,153)	224	15,437
Other Items of property, plant, and equipment	590	32	(19)	-	603	27	(80)	-	550
Property, plant, and equipment in the course of construction	8,216	3,267	-	(10,580)	903	1,360	-	(1,284)	979
Total cost	168,116	6,603	(3,469)	-	171,250	4,355	(2,651)	-	172,954

(Continue)

(Expressed in thousand of euros)

(Continued)

	Balance at 12/31/11	Additions	Disposals	Transfers	Balance at 12/31/12	Additions	Disposals	Transfers	Balance at 12/31/13
ACCUMULATED DEPRECIATION									
Buildings and other structures	(20,095)	(1,448)	-	-	(21,543)	(1,516)	-	-	(23,059)
Machinery, plants, and tools	(78,892)	(4,298)	2,771	-	(80,419)	(4,354)	1,226	-	(83,547)
Furniture and fixtures	(3,229)	(300)	35	-	(3,494)	(309)	178	-	(3,625)
Computer hardware	(10,922)	(1,768)	620	-	(12,070)	(1,596)	1,109	-	(12,557)
Other items of property, plant, and equipment	(518)	(31)	18	-	(531)	(34)	78	-	(487)
Total accumulated depreciation	**(113,655)**	**(7,845)**	**3,444**	**-**	**(118,057)**	**(7,809)**	**2,591**	**-**	**(123,275)**
CARRYING AMOUNT	54,459	(1,242)	(25)	-	53,193	(3,454)	(60)	-	49,679

Additions in 2013 and 2012 relate to the acquisition of items of property, plant, and equipment required to continue with and increase the Group's activities. Additionally in 2011, the Group began the enlargements of the buildings where it conducts its operations, which was finished in 2013.

Disposals in 2013 and 2012 relate mainly to the retirement and/or sale of fully depreciated items or that are no longer in use.

The breakdown of the fully depreciated property, plant, and equipment in use at December 31, 2013 and 2012 is as follows:

	2013	2012
Computer hardware	8,924	9,213
Technical machinery, fixtures, and tools	71,833	67,573
Furniture	2,130	2,001
Other items of property, plant, and equipment	422	432
Total	**83,309**	**79,219**

The Group has taken out insurance policies to cover the possible risks to which its property, plant, and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The Group had no items under finance leases at December 31, 2013 or at December 31, 2012.

(Expressed in thousand of euros)

The impact of depreciating property, plant and equipment recognized as in-house production rights was 250 thousand euros in 2013 (2012: 2,243 euros).

7. INTANGIBLE ASSETS

The breakdown of the balances of "Intangible assets" and of the changes therein in the years ended December 31, 2013 and 2012 is as follows:

	Balance at 12/31/11	Additions	Disposals and other	Transfers	Balance at 12/31/12	Additions	Disposals and other	Transfers	Balance at 12/31/13
COST									
Development expenditure	703	831	-	(632)	902	647	-	(990)	559
Concessions, patents, and trademarks	278,318	38	(19,141)	-	259,215	58	(30)	-	259,243
Computer software	26,098	1,002	(1,521)	1,134	26,713	705	(2,423)	2,303	27,298
Computer software in progress	718	425	-	(502)	641	863	-	(1,313)	191
Total cost	**305,837**	**2,296**	**(20,662)**	**-**	**287,471**	**2,273**	**(2,453)**	**-**	**287,291**
ACCUMULATED AMORTIZATION									
Concessions, patents, and trademarks	(40,736)	(8,066)	19,144	-	(29,658)	(8,068)	-	-	(37,726)
Computer software	(22,381)	(2,274)	1,491	-	(23,164)	(2,447)	2,453	-	(23,188)
Total accumulated amortization	**(63,117)**	**(10,340)**	**20,635**	**-**	**(52,822)**	**(10,515)**	**2,453**	**-**	**(60,914)**
CARRYING AMOUNT	242,720	(8,044)	(27)	-	234,650	(8,242)	(30)	-	226,377

The breakdown of fully amortized intangible assets in use at December 31, 2013 and 2012 is as follows:

	2013	2012
Computer software	19,033	19,367
Concessions, patents, and trademarks	185	136
Total	**19,218**	**19,503**

(Expressed in thousand of euros)

8. AUDIOVISUAL PROPERTY RIGHTS

The breakdown of the balances of "Audiovisual property rights" and of the changes therein in the years ended December 31, 2013 and 2012 is as follows:

	Balance at 12/31/11	Additions	Disposals	Transfers and others	Balance at 12/31/12	Additions	Disposals	Transfers and others	Balance at 12/31/13
COST									
Audiovisual property rights	451,177	124,131	(126,861)	3,722	452,169	120,821	(155,324)	2,415	420,081
Master copies	7	-	-	-	7	-	-	-	7
Dubbing	9,081	2,116	(267)	-	10,930	3,114	(712)	-	13,332
Co-production rights	136,662	824	(1,552)	32,689	168,623	157	(232)	298	168,846
In-house rights	1,173,188	51,416	-	827	1,225,431	35,431	-	5,121	1,265,983
Distribution rights	11,622	582	-	65	12,269	(777)	-	4,131	15,623
Other ancillary work	754	19	(22)	-	751	(2)	-	-	749
Rights, options, script development	1,663	445	(342)	(363)	1,403	84	(221)	(185)	1,081
Start-up costs	158	-	-	-	158	-	-	-	158
Advances	37,148	3,546	(800)	(36,940)	2,954	20,248	(9)	(11,780)	11,413
Total cost	**1,821,460**	**183,079**	**(129,844)**	**-**	**1,874,695**	**179,076**	**(156,498)**	**-**	**1,897,273**
ACCUMULATED AMORTIZATION									
Audiovisual property rights	(252,971)	(136,877)	126,861	-	(262,987)	(127,595)	155,324	-	(235,258)
Master copies	(7)	-	-	-	(7)	-	-	-	(7)
Dubbing	(7,829)	(1,863)	267	-	(9,425)	(2,778)	712	-	(11,491)
Co-production rights	(125,680)	(25,943)	-	-	(151,623)	(9,346)	-	-	(160,969)
In-house rights	(1,144,076)	(51,113)	-	-	(1,195,189)	(40,675)	-	-	(1,235,864)
Distribution rights	(11,496)	(125)	-	-	(11,621)	-	-	-	(11,621)
Other ancillary work	(748)	-	-	-	(748)	-	-	-	(748)
Start-up costs	(153)	-	-	-	(153)	-	-	-	(153)
Total accumulated depreciation	**(1,542,960)**	**(215,921)**	**127,128**	**-**	**(1,631,753)**	**(180,394)**	**156,036**	**-**	**(1,656,111)**
Provisions	(17,541)	(1,833)	7,285	-	(12,089)	(5,260)	11,726	-	(5,623)
Total audiovisual rights	260,960	(34,675)	4,569	-	230,853	(6,578)	11,264	-	235,539

Of the total amount recognized under "Non-current assets - Audiovisual rights" in the consolidated statement of financial position at December 31, 2013, the Group estimates that their consumption over the upcoming year will be approximately 75%, which is the same as the previous year.

Provisions at the end of 2013 relate to the net carrying amount of rights which, although they expire after December 31, 2013, are not included in the Group's future broadcasting plans at the date of authorization for issue of these consolidated financial statements. Should one of the Group's networks exercise these broadcasting rights, the provision would be reversed and the right would be amortized for the amount of the reversal. This would not have an impact on the consolidated separate income statement.

Therefore, the balance of this provision relates basically to the adjustment required to determine the carrying amount of the library. The provision recognized in the consolidated separate income statement at December 31, 2013 and 2012 amounted to 5,260 thousand euros and 1,833 thousand euros, respectively.

At December 31, 2013, there were firm commitments to acquire audiovisual property rights commencing on or after January 1, 2014 for a total amount of $21,607 thousand and 182,713 thousand euros. The commitments at year end 2012 amounted to $83,939 thousand and 186,814 thousand euros.

Advances were paid in respect of these firm audiovisual purchase commitments, which at December 31, 2013, totaled 2,016 thousand euros, as well as $352 thousand. Advances paid in 2012 amounted to 2,254 thousand euros.

At the statement of financial position date there were commitments to purchase co-production rights, available from January 1, 2014, for a total amount of 28,340 thousand euros (2012: 9,811 thousand euros).

At December 31, 2013, advances of 1,176 thousand euros had been paid in connection with these firm commitments to purchase co-production rights (2012: 380 thousand euros).

The Group had firm commitments to purchase distribution rights commencing on or after January 1, 2014 for a total amount of 3,500 thousand euros. At December 31, 2012, firm commitments to purchase distribution rights amounted to 1,303 thousand euros.

Advances of 2,925 thousand euros had been paid in connection with firm distribution right purchase commitments at December 31, 2013 (2012: 130 thousand euros).

Advances were also paid for fiction-based series amounting to 5,025 thousand euros during 2013 (2012: 190 thousand euros).

9. GOODWILL AND BUSINESS COMBINATIONS

Goodwill amounting to 287,357 thousand euros arose from the purchase of the Cuatro Group, which became effective on December 31, 2010, as well as an asset with an indefinite useful life amounting to 85,000 euros.

Impairment testing of goodwill

The impairment test was carried out by comparing the recoverable value of the cash-generating unit to which the goodwill and intangibles with indefinite lives are assigned with the carrying value of the cash-generating unit.

The cash-generating unit is the free-to-air TV business.

To test its goodwill for impairment, the Company took the free-to-air TV business' strategic plan and discounted the estimated future cash flows. The assumptions used in the cash flow estimates include the best estimate of future trends of advertising markets, audiences and costs.

The Group's estimates on the future trend of the advertising market are based on market forecasts and historic performance, as well as its correlation with economic conditions, using reasonable projections in accordance with external information sources.

Projected income estimated for upcoming years is calculated based on the abovementioned advertising market trend, while taking into account reasonable hypotheses regarding audience numbers. Using this hypothesis, the Group considered the possible impact of the contingency described in Note 16.

Programming cost assumptions took into account forecasted internal and external audiovisual production costs, as well as the amount of investment necessary to maintain audience levels.

The estimates cover a period of five years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2% (2012: 2%). Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. The discount rate used is 9.57% (2012: 9.75%).

Based on the assumptions used and the estimated cash flows calculated, no impairment was identified for either goodwill or intangibles with indefinite lives.

Sensitivity to changes in assumptions

Management believes that, based on information currently available, no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(Expressed in thousand of euros)

10. EQUITY METHOD INVESTMENTS

The amounts and changes in 2013 and 2012 in the items composing "Equity method investments" are as follows:

	Equity method investment
Balance at December 31, 2011	483,087
Increases / decreases	-
Equity method investments	8,452
Dividends received	(22,101)
Other non-comprehensive income	-
Other movements	(1,495)
Balance at December 31, 2012	467,943
Increases / decreases	491
Equity method investments	(70,745)
Dividends received	(2,826)
Other non-comprehensive income	-
Other movements	-
Balance at December 31, 2013	394,863

2013 dividends corresponded to the La Fábrica de la Tele subsidiary, and share in profit (loss) of associates includes the results of the Digital+ impairment test.

During 2012, dividends received mainly related to those from DTS Distribuidora de Televisión Digital, S.A. During the year, an ordinary dividend from 2011 amounting to 8,933 thousand euros was distributed, while another extraordinary dividend amounting to 11,000 thousand euros was distributed against voluntary reserves, which was recognized as a reduction of the value of the investment.

In 2012, the Group acquired 34% of Economic Interest Group "Furia de Titanes II" As a result of this investment, tax deductions and unused tax losses totaling 10,538 thousand euros were generated under the fiscal transparency system and transferred to "Deferred tax assets".

The breakdown by company of investments accounted for by the equity method is as follows:

Company	Investments accounted for using the equity method		Results of companies accounted for using the equity method	
	2013	2012	2013	2012
Pegaso Television, Inc.	3,046	3,540	(493)	-
Producciones Mandarina, S.L.	2,153	1,402	751	454
La Fábrica de la Tele, S.L.	2,451	3,560	1,715	1,632
BigBang, S.L.	836	732	105	103
DTS Distribuidora de Tv Digital, S.A. (*)	385,000	457,829	(72,829)	4,331
60 DB Entertainment	439	447	(6)	(53)
Editora Digital de Medios	293	433	(140)	(67)
Furia de Titanes A.I.E.	-	-	-	2,052
Megamedia Televisión, S.L	67	-	46	-
Supersport Televisión, S.L	230	-	209	-
Netsonic, S.L	348	-	(103)	-
Total	**394,863**	**467,943**	**(70,745)**	**8,452**

(*) Audited by Deloitte, S.L.

a) Key financial highlights of companies accounted for using the equity method in 2013 and 2012:

(Expressed in thousands of euros)

2013	Assets	Equity	Liabilities	Income	Outcome
Pegaso Television, Inc. (1)	Data not available	Data not available	Data not available	Data not available	(493)
BigBang Media, S.L.	3,795	2,787	1,008	4,664	350
Producciones Mandarina, S.L.	9,366	7,176	2,190	19,152	2,503
La Fábrica de la Tele, S.L.	16,667	8,170	8,497	32,055	5,716
DTS Distribuidora de TV Digital, S.A. (**)	1,381,454	853,094	528,360	1,166	(73,935)
60 DB Entertainment, S.L. (1)	449	302	147	1,489	(21)
Editora Digital de Medios, S.L.(1)	694	586	108	199	(280)
Megamedia Televisión, S.L. (1)	925	223	702	1,561	153
Supersport Televisión, S.L. (1)	3,071	767	2,304	4,701	697
Netsonic, S.L.(1)	223	181	42	2	(270)

(**) Audited by Deloitte, S.L.
(1) Unaudited

(Expressed in thousands of euros)

2012	Assets	Equity	Liabilities	Income	Outcome
Pegaso Television, Inc.(1)	Data not available	Data not available	Data not available	Data not available	Data not available
BigBang Media S.L. (1)	3,020	2,439	581	5,821	342
Producciones Mandarina, S.L.	7,086	4,673	2,413	15,101	1,515
La Fábrica de la Tele, S.L. (1)	19,456	11,867	7,589	29,412	5,441
DTS Distribuidora de TV Digital, S.A. (**)	1,471,666	927,029	544,637	1,067,884	52,408
60 DB Entertainment, S.L.(1)	418	330	88	493	(175)
Editora Digital de Medios, S.L.(1)	987	866	121	20	(134)
Furia de Titanes A.I.E. (*)	56,319	(5,729)	62,048	3,879	(6,323)

(*) Audited by Deloitte, S.L. at June 30, 2012
(**) Audited by Deloitte, S.L.
(1) Unaudited.

Changes in the investments accounted for using the equity method are described in Note 1 under "Changes in the consolidation scope".

b) Acquisition of Megamedia Televisión, S.L.

On July 31, 2013, Conecta 5 Telecinco, S.A.U, acquired 21,000 shares of Megamedia Televisión, S.L., each with a par value of 1 euro, representing 30% of the total investment.

c) Acquisition of Supersport Televisión, S.L.

Mediaset España Comunicación, S.A. acquired 30% of Supersport Televisión, S.L. on July 18, 2013, represented by 21,000 shares with a par value of 1 euro each.

d) Acquisition of Netsonic, S.L.

On December 5, 2013, Publiespaña, S.A.U. spent 450 thousand euros to acquire shares equivalent to 38.04% of Netsonic, S.L.'s share capital.

e) Acquisition of 60 DB Entertainment, S.L.U.

On July 2, 2012, Mediaset España Comunicación, S.A. assumed and fully paid in the capital increase (3 thousand euros) as well as its corresponding share premium (497 thousand euros). The shareholder expressly forfeited its right to exercise the pre-emptive subscription rights to 3,000 new shares, which were fully assumed and paid in by the Mediaset España Comunicación, S.L., thereby acquiring 30% of 60dB Entertainment, S.L.

f) Acquisition of Editora Digital de Medios, S.L.U.

On September 26, 2012, Mediaset España Comunicación, S.A., subscribed the entirety of the new shares which Editorial Ecoprensa, S.A. agreed to issue as a capital increase, paying in 500 thousand euros. Following the capital increase, Mediaset España Comunicación, S.A. currently owns 500,000 shares with a par value of 1 euro each, representing 50% of Editora Digital de Medios, S.L.

g) Impairment testing of equity method investments

- DTS Distribuidora de TV Digital, S.A.

In accordance with accounting standards, at December 31, 2013, the Group performed an impairment test on its investment in DTS Distribuidora de TV Digital, S.A.

It was done by comparing the recoverable amount with the net carrying amount.

To calculate the recoverable amount, the Group discounted estimated future cash flows based on forecasts and hypotheses using different business parameters for upcoming years.

These included Group estimates of future number of subscribers as well as average income based on forecasts regarding the economy in general as well as penetration of pay TV in other markets.

Estimated projected income for upcoming years is calculated based on reasonable hypotheses regarding the number of subscribers and the market.

Programming cost assumptions took into account primarily forecasted internal and external audiovisual production costs, rights to sporting events, as well as the amount of investment necessary to maintain audience levels.

The estimates cover a period of 5 years; for cash flows not included, income to perpetuity is estimated using a growth rate of around 2%. Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. The discount rate used was 8.65%.

Based on the assumptions used and the estimated cash flows calculated, the Group has made an impairment provision totaling 49,363 thousand euros.

Sensitivity to changes in assumptions

Changes equivalent to one percent which affect any of the basic business parameters included in projections (such as WACC, number of subscribers, ARPU, or to perpetuity growth rates) would imply the recovery of the original acquisition cost in the case of an increase, or additional devaluation not to exceed 90 million euros in the case of a decrease. Consequently, based on a 1% reduction hypothesis, the growth rates of some of the business parameters would be negative.

(Expressed in thousand of euros)

11. OTHER NON-CURRENT FINANCIAL ASSETS

The following are included under "Other non-current financial assets":

	12/31/2013	12/31/2012
Available-for-sale financial assets		
Long term loans	217	192
Loans to related companies	3,200	3,344
Other	1,163	943
Total	**4,580**	**4,479**

Loans to related companies

"Non-current loans" includes a loan granted to Pegaso Televisión Inc.

12. OTHER CURRENT ASSETS

The breakdown of "Other current assets" is as follows:

	12/31/2013	12/31/2012
Prepaid expenses	11,906	10,940
Advance commissions	25	16
Total	**11,931**	**10,956**

Prepaid expenses relate mainly to retransmission rights for programs which have yet to be broadcast.

13. OTHER CURRENT FINANCIAL ASSETS

The breakdown of "Other current financial assets" is as follows:

	12/31/2013	12/31/2012
Loans to associates	501	313
Other financial assets	251	1,752
Total	**752**	**2,065**

"Other financial assets" mainly includes legal deposits for pending litigation.

(Expressed in thousand of euros)

14. CASH AND CASH EQUIVALENTS

The breakdown of "Cash and cash equivalents" is as follows:

	12/31/2013	12/31/2012
Cash on hand and at bank	112,774	90,692
Total	**112,774**	**90,692**

No restrictions to the availability of balances exist.

15. EQUITY

15.1. Share capital

At December 31, 2013 and 2012, the parent Company's share capital comprised 406,861,426 shares with a nominal value of 0.5 euros each, all represented by book entries. All share capital has been fully subscribed and paid up and is held as follows:

	2013	2012
Owner	% Interest	% Interest
Mediaset S.p.A.	41.55	41.55
Grupo Prisa	17.34	17.34
Mercado	39.74	39.53
Acciones propias	1.37	1.58
Total	**100.0**	**100.0**

At December 31, 2012, the Group was notified of the merger between Mediaset Investimenti, S.p.A. and Mediaset S.p.A.; the latter assumed all of the former's assets and liabilities, which resulted in a new share capital breakdown (see above table).

All the shares making up the company's issued capital enjoy the same rights.

Share transfers are governed by the General Audiovisual Communication Law 7/2010, of March 3.

15.2. Dividends

In their General Shareholders' Meeting held on April 17, 2013, the shareholders agreed not to distribute a dividend against 2012 results.

On February 22, 2012, the parent's Board of Directors resolved to submit for approval by shareholders in ordinary general meeting a proposal to pay out a dividend amounting to 55,260 thousand euros with a charge to 2011 profit. This dividend was equivalent to 0.14 euros per outstanding share. This distribution was ratified by the General Shareholders' Meeting on March 28, 2012.

15.3. Legal reserve and Goodwill reserve

Under the Spanish Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The parent has set aside the full legal reserve required, i.e., 40,686 thousand euros. This amount is included under "Other reserves" on the accompanying consolidated statement of financial position.

The parent has set aside a non-distribute reserve of 28,798 thousand euros equal to the amount of goodwill (2012: 14,399 thousand euros).

15.4. Treasury shares

Treasury shares were acquired mainly to cover the company's commitments in relation to share option plans. These plans are described in Note 21.

At December 31, 2013 the Company held 5,563,223 treasury shares valued at cost at 73,445 thousand euros (2012: 6,419,259 shares at 84,746 thousand euros, respectively).

The changes in "Treasury shares" in 2013 and 2012 were as follows:

	Ejercicio 2013		Ejercicio 2012	
	Number of shares	Amount (*)	Number of shares	Amount (*)
At beginning of year	6,419,259	84,746	6,419,259	84,746
Increase	-	-	-	-
Decrease	(856,036)	(11,301)	-	-
At year end	**5,563,223**	**73,445**	**6,419,259**	**84,746**

(*) Amounts in thousand of euros.

The decrease in treasury shares took place as certain beneficiaries exercised their share option plans.

At December 31, 2013, the Company shares held by it and by its subsidiaries represented 1.37% of the share capital (2012: 1.58%).

15.5. Non-controlling interests

The breakdown, by company, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2013 and 2012 is as follows:

(Expressed in thousand of euros)

	2013			2012		
	Non-controlling interest	Separated profit(loss) attributable to non-controlling interests	Consolidated profit(loss) attributable to non-controlling interests	Non-controlling interest	Separated profit(loss) attributable to non-controlling interests	Consolidated profit(loss) attributable to non-controlling interests
Mediacinco Cartera, S.L.	12,234	(264)	(264)	12,498	(600)	(600)
Total	12,234	(264)	(264)	12,498	(600)	(600)

(*) Mediaset Investment, S.R.L.A. owns 25%.

16. NON-CURRENT PROVISIONS AND OTHER CONTINGENT LIABILITIES

Non-current provisions

These include provisions made in 2013 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in non-current provisions in the years ended December 31, 2013 and 2012 were as follows:

2013	Balance at 12/31/12	Charge for the year	Amount used	Amounts reversed	Transfer	Balance at 12/31/13
Provision for contingencies and charges	24,317	2,934	(10,964)	(5,909)	-	10,378

2013	Balance at 12/31/11	Charge for the year	Amount used	Amounts reversed	Transfer	Balance at 12/31/12
Provision for contingencies and charges	29.306	3.926	(6.973)	(1.942)	-	24.317

At December 31, 2013 and 2012, provisions for liabilities and charges relate to pending lawsuits and appeals between the Group and third parties. Provisions recognized in the year relate to new lawsuits facing the Group, while reversals relate to litigation that has been resolved.

Its directors and legal advisors have evaluated possible related risks, and where such risks are considered probable, and their economic effects quantifiable, they have made the appropriate provisions.

Contingencies

CHANNEL INCREASE THROUGH ACCESS TO A MULTIPLE DIGITAL LICENSE

A sentence handed down on November 27, 2012 by the Third Chamber of the Supreme Court (Appeal 442/2010) canceled the Council of Ministers' resolution dated July 16, 2010 which assigned each of the Digital Terrestrial TV (TDT) channel licensing companies (the operators), including MEDIASET ESPAÑA (previously GESTEVISIÓN TELECINCO) and SOCIEDAD GENERAL DE TELEVISION CUATRO, S.A., a multiple digital license with national coverage, increasing the channels it manages to four.

This assignment (annulled by the sentence) was enacted by virtue of the application of regulations approved by the National Technical Plan for Digital Terrestrial TV, which starting in 1,998 regulated the transition from analogical to TDT transmission, finalizing in 2010. The government verified that the companies to be granted the multiple channels had complied with all the necessary requirements and obligations inherent in proceeding with the appealed assignation in order to make the transition to TDT.

The sentence was based on the fact that when the multiple channels were assigned, the General Law on Audiovisual Communication (LGCA, published one month prior to the appealed Agreement) was applicable; it states that additional channels assigned under each license must be granted through a public bidding process. This dilemma might have been circumvented with the mere introduction of a provision by the LGCA granting continuity to the agreement prior to its enactment.

The Supreme Court viewed this obstacle to be a mere formality, and the TDT's original basis was never questioned; therefore, the eventual assignment of multiple channels to each operator was not a complex issue.

During the Council of Ministers' meeting held March 22, 2013, an agreement was reached to execute the sentence whereby private state TV operators (including MEDIASET ESPAÑA COMUNICACIÓN) "must cease broadcasting the digital TV channels affected by the annulled Council of Ministers' resolution dated July 16, 2010". As regards MEDIASET ESPAÑA COMUNICACIÓN, this would affect 2 of the 8 channels it currently runs and manages.

MEDIASET ESPAÑA COMUNICACIÓN challenged the ruling individually as well as collectively through UTECA (private state TV entity association), as it considers that the agreement was reached based on a false assumption regarding the sentence's intentions. The sentence did not contemplate cancellation of the channel's assigned signal nor did it intend to state that cancellations would be linked to a "liberation of the digital dividend".

On December 18, 2013, the Supreme Court resolved the appeal filed against the Council of Ministers' agreement ratifying the sentence as well as the cancellation of the affected channels.

Considering the crux of the problem, however, it is strictly formal in nature, and therefore is subject to amendment by the government; therefore, MEDIASET ESPAÑA COMUNICACIÓN, S.A. considers a satisfactory outcome as likely. In any event, the potential effects of this contingency have been taken into account when testing asset impairment of the goodwill assigned to the free-to-air TV business cash-generating unit (Note 9).

PROCEDURES RELATIVE TO THE LATE PRESENTATION OF THE ACTION PLAN

On August 2, 2011, the Comisión Nacional de la Competencia (CNC - anti-trust authorities) handed down a resolution on dossier SNC/0012/11 (Concentración Telecinco-Cuatro) in which it declared Mediaset España responsible for a very serious violation of Anti-Trust Law, as it did not present an Action Plan (including commitments with the CNC) within the established deadline, setting a fine of 3,600,000 euros.

This resolution was appealed before the National Court of Justice as part of ordinary civil lawsuit 474/2011. A sentence handed down on January 8, 2013 overruled it, upholding the imposition of the fine.

Another appeal was filed before the Supreme Court; the Company has solid expectations that it will receive a favorable ruling: either an annulment, or a significant reduction in the amount of the fine.

The main arguments against the Supreme Court ruling as well as the CNC's resolution are as follows:

- The alleged Action Plan infraction did not take place: it was presented within the CNC's established deadline.
- In the event that it was indeed presented late, the period did not exceed a month and thus, the Group complied with the commitment with the CNC (that the Action Plan was a mere development outline); thus, no general or underlying interests were harmed.
- Therefore, rather than a material lack of compliance, the Group was guilty of a simple procedural error, and therefore did not breach anti-trust laws; consequently, Law 30/1992 of the Legal Regime of Public Administrations and Common Administrative Procedure laws are applicable.
- It is thus not considered necessary to apply the terms of the Anti-Trust Law: a procedural error cannot be considered a very serious violation, and is thus unworthy of a 3,660,000 fine, as this sum is totally disproportionate to the infringement in question.
- Finally, the fine is a frontal violation and breach of the principles which prohibit reformatio in peius (Articles 89.2 and 113.3 of Law 30/1992), since the CNC only chose to initiate disciplinary proceedings against MEDIASET ESPAÑA once it had decided to appeal the CNC-approved Action Plan, and not when the alleged violation took place.

Thus, the accompanying consolidated balance sheet does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will materialize.

PROCEEDINGS RELATED TO MEDIASET ESPAÑA COMUNICACIÓN, S.A.'S SUPPOSED FAILURE TO COMPLY WITH THE TELECINCO-CUATRO MERGER COMMITMENTS

On February 6, 2013, the el Comisión Nacional de Defensa de la Competencia (CNDC - Anti-trust authorities) handed down a ruling on Dossier SNC/0024/12 Mediaset (the "resolution"), in which Mediaset España Comunicación, S.A. ("Mediaset España") failed to comply with certain commitments and obligations established in the C-0230/09 Telecinco/Cuatro merger dossier; a fine of 15,600,000 was set.

The resolution states that Mediaset España failed to comply with four of the twelve commitments upon which the Telecinco/Cuatro merger was authorized (commitments (ii), (iii), (vi) and (xii)), as well as different requirements for providing information to the CNS regarding these obligations.

The commitments set Mediaset España restrictions in order to neutralize or compensate for potential anti-trust issues arising from the transaction. These include:

- Regarding the sale of TV ad space: Mediaset España agreed that it would not jointly place advertisements with Cuatro and Telecinco or groups of channels whose overall audience topped 22%. Specifically, commitment (ii) prohibited formal or de-facto joint sales of advertising space with Telecinco and Cuatro. Among other stipulations, commitment (iii) established a functional split between Publimedia and Publiespaña, in order to handle free-to-air and pay TV separately.

- Limits were imposed for the acquisition of audiovisual contents from third parties. Commitment (vi) limited exclusive contracts to three year durations (in general terms), also excluding automatic renewal and other similar terms, while commitment (xii) prevented exclusive rights or first options on the entirety of national contents production/ products.

The commitments were later developed unilaterally as part of the CVC-imposed Action Plan, which also set certain obligations regarding informing the authorities, to guarantee their compliance.

The Action Plan's interpretation of the commitments was strict to the point that it substantially modified its content, thereby significantly making Mediaset España's commitments more difficult to assume; this affected advertising as well as content acquisition. For example, the duration of contracts for acquiring content was to be calculated at their signing date, rather than when the rights commenced; thus, this was legally disputed, and a sentence is still pending.

Mediaset España did not fail to comply with any of its commitments with the CNC.

- Mediaset España did not violate commitment (ii) after the merger finalized: in 2011, it lowered its share of the advertising market as well as the average per-ad price, while managing to keep its audience numbers constant. Reports prepared by external advisors conclude that Publiespaña has not failed to meet its commitments, and that it has not violated anti-trust laws.

- As regards commitment (iii), Mediaset España was careful to ensure that positions in Publimedia and Publiiespaña were not duplicated. Likewise, there has been no indication whatsoever of a failure to meet the obligation to guarantee the functional or commercial independence of both companies.

- With respect to commitment (vi), Mediaset España has been charged with delay in granting suppliers the right to reduced contracts, and renouncing extension or preferential acquisition rights which never really existed, considering the deadlines established to that effect as well as legal suspension periods, as a result of Mediaset's legitimately filed appeals. No effect would have been felt on the market, as no suppliers exercised any of the granted rights.

- With respect to commitment (xii), Mediaset España renounced all the pertinent option rights included in contracts with producers, while fulfilling its other related obligations; thus, it did not fail to comply with any of the stated conditions.

Mediaset España provided information in conformance with the Action Plan, responded to CNC requirements, and took all the necessary steps expected of it. None of the supposed delays or problems in delivering information represent a material failure to comply with the established commitments.

Therefore, Mediaset España filed an appeal and prepared a resolution before the National Court of Justice, to request the suspension of the fine, which was agreed.

As in the previous dossier, the accompanying consolidated balance sheet does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will arise.

As explained in Note 19.2, the Group is open to inspection of certain tax returns; however, the parent's directors and tax advisors consider that no significant tax contingencies will materialize, and if they do, they will not have a significant effect on the accompanying consolidated statement of financial position.

Federal Court of First Instance 6 - Madrid: Regular process # 1181/10

The Company filed a lawsuit of ordinary proceedings on November 19, 2010 against a contents supplier requesting that a contract granting a licensing format, as well as other related contracts, be deemed null and void. The suit requested that the defendant be ordered to return amounts paid within the scope of the agreements, as well as be fined for damages and losses.

The defendant requested that the claim be dismissed and also filed a counterclaim requesting that the Company be ordered to pay the contract transaction costs as well as an indemnity for damages and losses (estimated at 15 million euros).

On February 3, 2014, the Court handed down a sentence overturning the order while partially upholding the counterclaim, declaring that the Company had not complied with the agreements reached with the supplier, and that it was in violation of certain rights; the Company was ordered to pay the amounts claimed in the appeal.

The Company is currently preparing an appeal which should be filed soon, to include a number of sound supporting arguments.

From a factual point of view, the Court did not consider any of the numerous items of proof submitted indicating that the defendant is not solely entitled to legal protection, which is the most substantive aspect of the case. Also, a good portion of the reasoning in the Sentence is based on a conceptual error: it does not differentiate between "format" and "program", which leads to a confusion regarding the ownership and the rights arising from one and the other.

Legally speaking, it is contradictory as it grants protection to elements lacking originality to the detriment of those which would make the program easily distinguishable from others similar in nature.

Finally, the fine should be limited to the industrial margin or profit which the supplier would have earned had the terms in the contracts been met, rather than the total amount of the estimated invoicing, as the supplier did not provide any services at all.

Based on the above, we consider it probable that the Appellate Court will overturn the sentence in question, and therefore, no provisions were made in the financial statements.

(Expressed in thousand of euros)

17. OTHER NON-CURRENT LIABILITIES

The breakdown of "Other non-current liabilities" is as follows:

	Balance at 12/31/13	Balance at 12/31/12
Other payables	185	240
Total	**185**	**240**

18. SHORT-TERM PROVISIONS

The breakdown of "Short-term provisions" is as follows:

	Balance at 12/31/12	Additions	Applications	Reversions	Transfers	Balance at 12/31/13
Provisions for sales volume rebates	50,423	33,898	(49,747)	-	-	34,574
	50,423	**33,898**	**(49,747)**	**-**	**-**	**34,574**

	Balance at 12/31/11	Additions	Applications	Reversions	Transfers	Balance at 12/31/12
Provisions for sales volume rebates	57,657	45,424	(56,113)	-	3,455	50,423
Provisions for contingences	8		-	(8)		-
	57,665	**45,424**	**(56,113)**	**(8)**	**3,455**	**50.423**

(Expressed in thousand of euros)

19. TAX MATTERS

19.1. Consolidated tax group

Pursuant to current legislation, the Consolidated Tax Group includes Mediaset España Comunicación, S.A., as the parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

The Group's other subsidiaries file individual tax returns in accordance with the tax legislation in force in each country.

19.2. Years open to tax inspection

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the four-year inspection period has prescribed.

Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Tax Payers had performed its verifications and investigations in 2009, the Group has the following items and years open to inspection:

Item (s)	Years
Income Tax	2009 to 2013
Value added tax	2010 to 2013
Withholdings, non-resident income tax	2010 to 2013
Gaming tax: bets and promotional draws	2012 to 2013
Taxes on games of luck, betting, and chance: raffles and tombola	2012 to 2013
Annual transaction statement	2009 to 2013
Consolidated statement of intra-regional delivery and acquisition of assets	2010 to 2013

In 2013 the verification procedures carried out by the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Taxpayers on the following items finalized: "Taxes on games of luck, bets, or chance: raffles and tombolas" as well as "Gaming tax: bets and promotional draws" for June, 2008 to December 2011. Assessments raised totaling 9,029 thousand euros (Note 20) and the proposed settlement refer to Company transactions carried out in close observance of the criteria established by the tax authorities (more specifically the inspectors) arising from previous inspections and related to the same items and transactions identical in nature, and therefore, the parent's directors and tax advisors consider, there are solid arguments in the Company's defense for applying the above criteria in both lawsuits and appeals, and consequently obtaining a favorable result.

The Group has the last four years open to inspection of all other applicable taxes. Based on the best interpretation of current legislation, the parent's directors and tax advisors consider that in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Group's transactions.

(Expressed in thousand of euros)

Therefore, the accompanying statement of financial position does not include a provision for tax contingencies.

19.3. Balances relating to Public Authorities

The breakdown of balances relating to Public Authorities is as follows:

	Balance at 12/31/13	Balance at 12/31/12
Deferred tax liabilities	**9,884**	**6,607**
Value added tax liability	9,522	8,558
Personal income tax withholdings	3,192	3,454
Payable to Social Security	1,517	1,541
Other public entities	10,816	3,318
Payable to tax authorities	**25,047**	**16,871**

	Balance at 12/31/13	Balance at 12/31/12
Deferred tax assets	**186,290**	**176,434**
Income tax receivable	**19,643**	**16,720**
VAT receivable	487	23
Other tax receivables	2	342
Receivable from tax authorities	**489**	**365**

As a result of Law 8/2009 on the Financing of Radio Televisión Española and the definitive procedure for calculating, declaring, and paying the amount developed in Royal Decree 1004/2010 of August 5, which implemented Law 8/2009 and ITC order/2373/2010 of September 9, approving the statements and prepayments set out in Law 8/2009, the amount corresponding to 3% of the Company's gross operating income billed is recognized under "Other public entities". At December 31, 2013, the outstanding balance is 3,732 thousand euros (2012: 2,654 thousand euros).

(Expressed in thousand of euros)

19.4. Income tax

The reconciliation of net income and expenses for the year with tax results is as follows:

	2013	2012
Consolidated Separate Income Statement		
Current income tax		
– Current income tax expense	101,182	25,660
Deferred tax liabilities		
– Relating to increases and decreases in temporary differences	(107,363)	(22,871)
	(6,181)	**2,789**

	2013	2012
Consolidated Profit Before Tax	(2,284)	52,332
Tax rate	(685)	15,700
Permanent differences	876	1,477
Tax credits and rebates	(6,372)	(14,388)
	(6.181)	**2.789**

In 2013 and 2012, the Group has not allocated to consolidated equity any amount that would have a tax effect.

19.5. Deferred taxes

The tax effect was calculated by applying the applicable tax rate in the year each item was generated to the corresponding amount, adjusted for the effect of the change in tax legislation in the current year.

2013	Balance at 12/31/12	Increases	Decreases	Transfer	Balance at 12/31/13
Deferred taxes:					
Provision for litigation	481	90	-	-	571
Depreciation deductibility limit	-	15,121	-	-	15,121
Loss provision - investees	133.697	-	(108,585)	-	25,112
Other concepts	3,087	606	(339)	-	3,354
Unused tax deductions	39,168	7,322	-	-	46,490
Loss carryforwards	-	95,641	-	-	95,641
Total deferred tax assets	**176,434**	**118,780**	**(108,924)**	**-**	**186,290**

2012	Balance at 12/31/11	Increases	Decreases	Transfer	Balance at 12/31/12
Deferred taxes:					
Provision for litigation	910	-	(429)	-	481
Depreciation deductibility limit	-	-	-	-	-
Loss provision - investees	132,165	1,532	-	-	133,697
Other concepts	2,840	869	(622)	-	3,087
Unused tax deductions	22,209	16,959	-	-	39,168
Loss carryforwards	-	-	-	-	-
Total deferred tax assets	**158,125**	**19,360**	**(1,051)**	**-**	**176,434**

2013	Balance at 12/31/12	Increases	Decreases	Transfer	Balance at 12/31/13
Other items	2,420	372	-	-	2,792
Intangible assets	4,187	2,905	-	-	7,092
Total deferred tax liability	**6,607**	**3,277**	**-**	**-**	**9,884**

2012	Balance at 12/31/11	Increases	Decreases	Transfer	Balance at 12/31/12
Other items	2,343	77	-	-	2,420
Intangible assets	2,962	1,274	(49)	-	4,187
Total deferred tax liability	**5,305**	**1,351**	**(49)**	**-**	**6,607**

Deferred tax liabilities on intangible assets arise from the deductibility of goodwill and the license acquired.

The unused tax credits mainly relate to tax credits for investments in film productions. These tax credits may be used over the next 15 years.

Thousands of euros

	2013	2012
Deductions pending 2010	2,024	2,916
Deductions pending 2011	15,626	15,626
Deductions pending 2012	21,518	20,626
Deductions pending 2013	7,322	-
	46,490	**39,168**

The Group estimated the taxable profits which it expects to obtain over the next fiscal years. It has likewise analyzed the reversal period of taxable temporary differences. Based on this analysis, the Group has recognized deferred tax assets for tax credits and deductible temporary differences which it considers probable will be recoverable in the future.

20. GUARANTEE COMMITMENTS TO THIRD PARTIES

The breakdown, by nature, of the guarantees provided and received at December 31, 2013 and December 31, 2012, is as follows:

(Thousands of euros)

Nature of guarantee	12/31/13	12/31/12
Guarantees provided		
Surety bonds for contracts, concessions, and tenders	32,483	27,823
Guarantees deposited with the tax authorities	9,029	-
Payments into court	19,723	3,700
	61,235	**31,523**
Guarantees received	25,121	32,817

20.1. Guarantees provided

- The Group pledged a guarantee of 9,029 thousand euros (Note 19.2) with the Tax and Customs Control Department arising from its appeal against the tax settlement agreement of which the Department notified the Group on May 20, 2013, which confirmed the proposal given in the assessment from the tax inspection dated April 16, 2013. The assessment covered verifications and investigations for "Taxes on games of luck, bets, or chance" during the period from June 2008 to December 2011 (Note 16).

- The Group submitted a 15.6 million euro guarantee with Section 6 of the National Appellate Court for the appeal against the administrative decision taken by the CNMV on February 6, 2013 (Dossier SNC/0024/12), by virtue of which Mediaset España was declared noncompliant with different commitments, thereby authorizing the Telecinco/Cuatro transaction; a fine was levied equal to the amount of the above guarantee.

The Group has deposited 32.5 million euros in guarantees required for its commercial activity in 2013 (2012: 25.5 million).

20.2. Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at December 31, 2013 and December 31, 2012 is shown in the preceding table.

(Expressed in thousand of euros)

21. SHARE-BASED PAYMENT PLAN

At December 31, 2013, as described below, the Group has three valid share option plans which it has granted to certain employees. The last share option plan was approved in 2011.

All the approved plans that remain in effect have a three-year accrual period and the given strike price, and, if applicable, are exercised through the delivery of the shares.

The most relevant assumptions used in the measurement are as follows:

	2008 Plan	2009 Plan	2010 Plan	2011 Plan
Strike	7.13	5.21	7.00	5.83
Yield on the share (dividend yield)	10%	5%	5.5%	5.5%
Volatility	27.5%	30%	50%	37%

There were no new share option plans in 2013 and 2012.

The services received from employees in exchange for the share options granted are charged to the separate income statement at fair value calculated on the date granted. An expense of 139 thousand euros was recognized for share options in 2013 (2012: 1,222 thousand euros) (Note 23.2).

These share-based payment schemes in 2013 are shown in the following table:

	Number of options	Strike price	Assignment date	From	To
Options granted	572,325	7.13	2008	07/30/2011	07/29/2013
Options canceled	(27,000)	7.13	2008		
Options exercised	(545,325)	7.13	2008		
Plans outstanding at December 31, 2008	-				
Options granted	319,163	5.21	2009	07//29/2012	07/28//2014
Options canceled	(9,000)	5.21	2009		
Options exercised	(146,213)	5.21	2009		
Plans outstanding at December 31, 2009	**163,950**				
Options granted	1,297,650	7.00	2010	07/28//2013	07/27/2015
Options canceled	(93,000)	7.00	2010		
Options exercised	(160,250)	7.00	2010		
Plans outstanding at December 31, 2010	**1,208,350**				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(57,000)	5.83	2011		
Plans outstanding at December 31, 2011	**1,824,575**				

(Expressed in thousand of euros)

The schemes for 2012 are as follows:

	Number of options	Strike price	Assignment date	From	To
Options granted	572,325	7.13	2008	07/30//2011	07/29/2013
Options canceled	(27,000)	7.13	2008		
Plans outstanding at December 31, 2008	545,325				
Options granted	319,163	5.21	2009	07/29/2012	07/28//2014
Options canceled	(9,000)	5.21	2009		
Plans outstanding at December 31, 2009	855,488				
Options granted	1,297,650	7.00	2010	07/28//2013	07/27//2015
Options canceled	(57,000)	7.00	2010		
Plans outstanding at December 31, 2010	2,096,138				
Options granted	673,225	5.83	2011	07/27//2014	07/26//2016
Options canceled	(28,500)	5.83	2011		
Plans outstanding at December 31, 2011	2,740,863				

The Group has its own share options to comply with these commitments.

22. FINANCIAL INSTRUMENTS

22.1. Derivatives

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, when necessary, to hedge those related to commercial transactions with customers, which are recognized in the consolidated statement of financial position. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading".

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at December 31, 2013 is as follows:

2013	Notional amount/ Maturity up to one year	Amount in $		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	23,481	31,312	1,3791	(777)
Sales of dollars in euros	-	-		-
Net	**23,481**	**31,312**		**(777)**

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at December 31, 2012 is as follows:

2012	Notional amount/ Maturity up to one year	Amount in $		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	26,201	34,050	1.3194	(417)
Sales of dollars in euros	-	-	-	-
Net	**26,201**	**34,050**		**(417)**

The foreign currency derivatives associated with the property rights are measured at the difference between the present value of the quoted foreign currency hedge at the forward exchange rate in the contract and the value of the quoted foreign currency hedge at year end.

22.2. The classification of financial assets and liabilities per the categories established in IAS would be as follows:

(Thousands of euros)

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	4,580	4,479	4,580	4,479
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**4,580**	**4,479**	**4,580**	**4,479**

(Continue)

(Continued)

(Thousands of euros)

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Current financial assets								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	200,383	187,549	200,383	187,549
Available-for-sale financial assets								
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	-	-	-		200,383	187,549	200,383	187,549
TOTAL	-	-	-	-	204,963	192,028	204,963	192,028

These financial assets are classified in the statement of financial position as follows:

	2013	2012
Non-current financial assets	4,580	4,479
Accounts receivable	199,631	185,484
Other current financial assets	752	2,065
	204,963	192,028

"Accounts receivable" includes trade receivables less provisions for uncollectible receivables, which amounted to a gross 212,542 thousand euros in 2013 (2012: 201,843 thousand euros).

The maturity of the principal financial assets is as shown in the following table (in thousands of euros):

2013	Balance	Maturity		
		Under 3 months or past due	6 months	12 months
Trade receivables	212,542	210,631	1,379	532
Other debtors	176	176	-	-
Other financial current assets	752	694	58	-
TOTAL	**213,470**	**211,501**	**1,437**	**532**

2012	Balance	Maturity		
		Under 3 months or past due	6 months	12 months
Trade receivables	201,843	197,197	4,266	380
Other debtors	7	7	-	-
Other financial current assets	2,065	1,953	-	112
TOTAL	**203,915**	**199,157**	**4,266**	**492**

(Thousands of euros)

	Bank borrowings		Bonds and other marketable debt securities		Payables, derivatives and other financial assets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Non-current financial liabilities								
Trade and other payables	-	-	-	-	185	240	185	240
Liabilities at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Others							-	-
Derivatives	-	-	-	-	-	-	-	-
TOTAL	**-**	**-**	**-**	**-**	**185**	**240**	**185**	**240**

(Continue)

(Continued)

(Thousands of euros)

	Bank borrowings		Bonds and other marketable debt securities		Payables, derivatives and other financial assets		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Current financial liabilities								
Trade and other payables	678	226	-	-	215,727	246,851	216,405	247,077
Liabilities at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	777	417	777	417
TOTAL	**678**	**226**	**-**	**-**	**216,504**	**247,268**	**217,182**	**247,494**
TOTAL	678	226	-	-	216,689	247,508	217,367	247,734

In 2013, existing credit facilities were renewed and extended up to a total of 360,000 thousand euros. These bear interest at IBOR plus a market spread in line with Company solvency. At the end of 2013, no amounts had been drawn down on the existing credit lines, which is a great boost to the Company's year-end working capital.

360,000 thousand euros of these lines of credit fall due between 2014, 2015, and 2016.

At year-end 2012, the Company had credit facilities amounting to 345,000 thousand euros; no amounts had been drawn down.

These financial liabilities are classified in the statement of financial position as follows:

	2013	2012
Other non-current liabilities (Note 17)	185	240
Payable to related parties (Note 25.1)	43,068	44,427
Accounts payable for purchases and services	102,052	121,330
Accounts payable for audiovisual rights	59,749	68,866
Other non-trade payables	12,313	12,871
	217,367	**247,734**

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at December 31, 2013 and 2012.

The maturity of the principal financial instruments is as shown in the following table (in thousands of euros):

2013	Balance	Maturities			
		3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	102,052	98,287	3,765	-	-
Payables for purchases of audiovisual rights	59,749	58,979	588	182	-
Bank borrowings	678	678	-	-	-
Payables for acquisition of assets	1,200	1,122	78	-	-
Total	**163,679**	**159,066**	**4,431**	**182**	**-**

2012	Balance	Maturities			
		3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	121,330	117,389	3,941	-	-
Payables for purchases of audiovisual rights	68,866	68,246	531	89	-
Bank borrowings	226	226	-	-	-
Payables for acquisition of assets	2,602	2,191	411	-	-
Total	**193,024**	**188,052**	**4,883**	**89**	**-**

The maturities of the borrowings from related parties are shown in detail in Note 25.1.

In accordance with prevailing mercantile legislation, in 2013 the Group must disclose the outstanding balances owed to suppliers at the reporting date that are older than the deadline provided for in Law 15/2010 of July 7, establishing measures against late payment in commercial transactions. According to this law, payment in general must be made within 60 days. There is a transitional period of 85 days from the entry into force of this law until December 31, 2011, of 75 days in 2012 and 60 from January 1, 2013. At December 31, 2013 the outstanding amounts payable to suppliers over 60 days was 21,668 thousand euros (2012: 25,551 thousand euros payable to suppliers over 75 days).

(Expressed in thousand of euros)

MEDIASET ESPAÑA (consolidated)			
TOTAL PAYMENTS MADE WITHIN THE MAXIMUM LEGAL PERIOD	TOTAL PAYMENTS FOR THE YEAR	Deferrals exceeding the maximum legal payment period at year end (*)	Average debt payment period over 60 days
514,612	540,163	21,668	4

MEDIASET ESPAÑA (consolidated)			
TOTAL PAYMENTS MADE WITHIN THE MAXIMUM LEGAL PERIOD	TOTAL PAYMENTS FOR THE YEAR	Deferrals exceeding the maximum legal payment period at year end (*)	Average debt payment period over 75 days
541,439	569,432	25,551	4

(*) Deferrals exceeding the legal payment period at the end of the year relate mainly to administrative incidents in the processing of invoices, which are currently being resolved.

22.3. Capital management policy

The Group's capital management policy is focused on securing a return on investment for shareholders that maximizes the profitability of their contribution to the company with the least amount of risk possible, contributing with an attractive risk investment in line with the current economic and business environment. The capital structure of the company places it in an excellent position as a result of its significant capacity to generate positive cash flows, even in the current markets condition.

22.4. Risk management policy

To efficiently manage the risks to which the Mediaset España Group is exposed, certain control and prevention mechanisms have been designed and implemented, led by the senior executives of the Group in the Audit Committees. These mechanisms have been put into place in the corporate governance rules and have been applied throughout the Group.

The measures adopted by the Group to manage risks can be classified into three main categories and were designed to cover exposure to credit risk, liquidity risk, and market risk.

22.4. Credit risk

Credit risk exists when a potential loss may arise from the Company's counterparty not meeting its contractual obligations, i.e., the possibility that financial assets will not be recovered at their carrying amount within the established timeframe.

The Group maximum exposure to credit risk at December 31, 2013 and December 31, 2012 was as follows:

	2013 Thousands of euros	2012 Thousands of euros
Non-current receivables	4,580	4,479
Trade and other receivables	216,722	201,762
Current receivables from Group companies and associates	3,041	809
Current investments	752	2,065
Cash and cash equivalents	112,774	90,692
	337,869	**299,806**

For the purposes of credit risk Group management differentiates between financial assets arising from operations and those arising from investments.

22.4.2. Operating activities

Most of the operating activities of the Group consist of advertising revenues.

Group management has developed a policy whereby credit limit by customer type and authorization levels in order to approve transactions are established.

The financial assets considered as part of the operating activities are mainly trade receivables for sales and services.

From a business standpoint, the Group considers the advertisers to be the end customer; none of these represents significant business revenue in terms of the Group's total turnover. It is standard sector practice to use media agencies as intermediaries between advertisers and the television channel offering the advertising space.

The Group constantly monitors the age of its debt, and there were no risk situations at year end.

22.4.3. Investing activities

The financial assets considered as investment activity are non-current loans (Note 11), non-current financial investments (Note 11) and current financial investments (Note 13). Those notes provide information on the concentration of this risk and the related maturities.

A Financial Risk Management Procedures Manual sets forth the general criteria governing investments of the Group's treasury surpluses, which, in broad terms, are as follows:

- The investments are made with institutions (whether domestic or foreign) of recognized financial solvency measured based on their current ratings.
- The investments are placed in conservative products (bank deposits, debt repos, etc.,) on which, in general, the repayment of the invested capital is guaranteed.
- Authorizations for the corresponding investments are limited by the powers granted to the group's senior executives and, in any event, are highly restricted (according to the amount, the Board Members, General Management and Operations Director, and Financial Director).
- Under ordinary circumstances, the longest term is three months and the investments usually offer automatically available funds.

(Expressed in thousand of euros)

22.4.4. Liquidity risk

The Company's financial structure is at a low liquidity risk, given the low level of financial leveraging and the high levels of operating cash flows generated each year.

Liquidity risk would result from the Group having insufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Group's objective is to maintain sufficient available funds to conduct its business.

The Group's policies establish the minimum liquidity levels required at all times:

- Excess liquidity may only be invested in certain types of assets (see previous section on credit risk/investment activities) the liquidity of which is guaranteed.
- The amount of the Group's revolving credit lines ensures that the Group is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2013, the opening credit lines total 360 million euros (2012: total 345 million euros). Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthen the financial sector's perception that the Group is creditworthy and sound.

22.4.5. Market risk

Given the nearly complete absence of financial debt, there are no financial risks associated with interest-rate movements. Nevertheless, and for illustrative purposes, the Group has conducted a test to determine the sensitivity of the Group's cash surpluses to certain modifications in interest rates.

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December 31, as the benchmark, we applied a variation of +100 basis points -10 basis points.

The sensitivity test shows that the impact of variations on the interest rates applied to the cash surpluses at December 31 would, in any event, not be significant and would exclusively affect the amount of financial income:

	Reference rate (%)	Cash surpluses	Annual interest	100 b.p.	Annual interest	-10 b.p.	Annual interest
12/31/13	0.221%	93,477	207	1.221%	1,141	0.121%	113
12/31/12	0.109%	73,716	80	1.109	818	0.009	7

(Expressed in thousand of euros)

22.4.6. Sensitivity analysis and estimates of the impact of changes in exchange rates on the separate income statement

The financial instruments exposed to euros/$ exchange-rate risk, mainly consisting of future currency-purchase agreements, have undergone a sensitivity test at the statement of financial position date.

The exposed statement of financial position value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (2013: 8.3650% and 2012: 9.1675%), to the year-end exchange rate.

The sensitivity test shows that the variations on the year-end exchange rate would have had an impact on the Separate income statement account that, in any event, is not significant.

Analysis of accounts payables to suppliers in foreign currency:

12/31/13			12/31/12		
$	Exc. Rate	Differences	$	Exc. Rate	Differences
31,312	1.3791	-777	34,050	1.3194	-417
Sensitivity test					
31,312	1.2637	1,293	34,050	1.1984	2,153
31,312	1.4945	-2,528	34,050	1.4404	-2,544

Analysis of derivatives on purchases from suppliers in foreign currencies:

12/31/13			12/31/12		
$	Exc. Rate	Differences	$	Exc. Rate	Differences
36,168	1.3791	889	38,536	1.3194	455
Sensitivity analysis					
36,168	1.2637	-1,505	38,536	1.1984	-2,493
36,168	1.4945	2,914	38,536	1.4404	2,909

(Expressed in thousand of euros)

23. INCOME AND EXPENSES

23.1. The breakdown of the Group's ordinary revenue is as follows:

	2013	2012
Activity		
Publiespaña Group advertising revenue	766,560	806,714
Other advertising revenue	1,737	519
Revenue from the rendering of services	40,715	53,662
Other	9,813	11,941
Total	**818,825**	**872,836**

23.2. The breakdown of "Staff costs" in 2013 and 2012 is as follows:

	2013	2012
Wages and salaries	86,689	89,650
Accrued share-based payment costs (Note 21)	139	1,222
Social security costs	15,513	15,875
Employee benefit costs	2,509	2,509
Total	**104,850**	**109,256**

The average number of employees at the Group, by professional category, was as follows:

	2013			2012		
	Men	Women	Total	Men	Women	Total
Managers	79	38	117	81	38	119
Supervisors	36	43	79	39	45	84
Other line personnel	61	92	153	70	99	169
Clerical staff	455	465	920	463	472	935
Other	21	2	23	21	2	23
Employees under contracts for project work or services	9	7	16	14	16	30
Total employees	**661**	**647**	**1,308**	**688**	**672**	**1,360**

(Expressed in thousand of euros)

The breakdown of personnel by gender and by professional category at December 31, is as follows:

	2013			2012		
	Men	Women	Total	Men	Women	Total
Managers	77	37	114	81	38	119
Supervisors	36	42	78	38	45	83
Other line personnel	54	86	140	68	98	166
Clerical staff	452	467	919	454	469	923
Other	20	3	23	21	2	23
Employees under contracts for project work or services	12	6	18	10	11	21
Total employees	**651**	**641**	**1,292**	**672**	**663**	**1,335**

23.3. The breakdown of "Change in operating provisions" at the statement of financial position date, which relates to the allowance for doubtful debts, is as follows:

	2013	2012
Charge for the year	754	3,491
Amounts used	(1,809)	(3,278)
Total	**(1,055)**	**213**

23.4. The breakdown of "Other expenses" in 2013 and 2012 is as follows:

	2013	2012
Other expenses	195,139	197,903
Overprovisions	(5,939)	(3,305)
Total	**189,200**	**194,598**

Overprovisions mainly include the reversal of the provisions explained in Notes 16 and 18.

23.5. Services provided by the auditors

"Other operating expenses" in the accompany consolidated income statement includes the fees for the audit of the Group's financial statements in 2013, conducted by Ernst & Young, S.L., amounting to 207 thousand euros (2012: 239 thousand euros).

The fees for other professional services provided principally to the parent by the principal auditor amounted to 91 thousand euros at December 31, 2013 (2012: 72 thousand euros).

23.6. The breakdown of the Group's net finance income in 2013 and 2012 is as follows:

	2013	2012
Interest income	953	4,813
Less interest expenses	(4,064)	(8,720)
Total	**(3,111)**	**(3,907)**

Finance income arises mainly from the interest on loans to related parties and interest earned from banks.

Finance expenses arise from the interest on associates' loans and the interest on credit facilities.

23.7. Exchange differences

The breakdown of the exchange differences in 2013 and 2012 is as follows:

	2013	2012
Exchange gains	365	(1,459)
Exchange losses	(519)	1,398
Total	**(154)**	**(61)**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to $66 million in 2013 (2012: $73 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes 26,229 thousand euros denominated in US currency in 2013 (2012: 29,208 thousand euros).

Trade receivables for sales and services includes 28 thousand euros denominated in US currency in 2013 (2012: 68 thousand euros).

23.8. Operating leases

The breakdown of "Operating leases" in 2013 and 2012 is as follows:

(Thousand of euros)

	2013	2012
Minimum lease payments under operating leases recognized in profit or loss	1,452	977
	1,452	**977**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2013.

24. EARNINGS PER SHARE

The calculation of the weighted average number of shares outstanding and diluted at December 31, 2013 and 2012 is as follows:

	12/31/13	12/31/12
Total shares issued	406,861,426	406,861,426
Less: treasury shares	(6,065,107)	(6,419,259)
Total shares outstanding	**400,796,319**	**400,442,167**
Dilutive effect of share options and free delivery of shares	1,161,282	11,177
Total number of shares for calculating diluted earnings per share	401,957,601	400,453,344

24.1. Basic earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of treasury shares held in the year.

Accordingly:

	12/31/13	12/31/12	Change
Net profit for the year (thousands of euros)	4,161	50,143	(45,982)
Number of shares outstanding	400,796,319	400,442,167	354,152
Basic earnings per share (euros)	0.01	0.13	(0.11)

24.2. Diluted earnings per share

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders adjusted for the effect attributable to the dilutive potential ordinary shares by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For these purposes, the conversion is deemed to take place at the beginning of the year or on the date of issue of the potential ordinary shares if such shares had been issued during the reporting period.

Accordingly:

	12/31/13	12/31/12	Change
Net profit for the year (thousands of euros)	4,161	50,143	(45,982)
Number of shares for calculating diluted earnings per share	401,957,601	400,453,344	1,504,257
Diluted earnings per share (euros)	0.01	0.13	(0.11)

(Expressed in thousand of euros)

25. RELATED PARTY TRANSACTIONS

25.1. Transactions with associates and shareholders

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's individual financial statements.

The Group's accounts payable to and receivable from related parties are as follows:

	12/31/2013		12/31/2012	
	Receivable	Payables	Receivable	Payables
BigBang	-	1,480	-	1,774
Producciones Mandarina, S.L.	-	2,022	-	4,888
La Fábrica de la Tele, S.L.	1,647	4,896	-	5,940
Digital +	(38)	8,167	157	7,191
Editora Digital de Medios	26	95	27	23
60 Db Entertainment	-	17	-	69
Megamedia Televisión	92	459	-	-
Supersport Televisión	206	1,559	-	-
Grupo Mediaset	80	21,722	303	20,755
Grupo Endemol	-	-	-	1,541
Grupo Prisa	1,028	2,651	322	2,246
Total	**3,041**	**43,068**	**809**	**44,427**

The breakdown, by maturity, of the balances payable to all the related parties is as follows:

2013	Balance	Maturities		
		3 months	6 months	12 months
Investee	1,933	1,933	-	-
Mediaset Group	80	80	-	-
Other companies	1,028	1,028	-	-
Total	**3,041**	**3,041**	**-**	**-**

(Expressed in thousand of euros)

2012	Balance	Maturities		
		3 months	6 months	12 months
Investee	184	184	-	-
Mediaset Group	303	238	65	-
Other companies	322	322	-	-
Total	**809**	**744**	**65**	**-**

Current payables to related parties by maturity are as follows:

2013	Balance	Maturities		
		3 months	6 months	12 months
Investee	18,695	18,118	577	-
Mediaset Group	21,722	2,037	19,685	-
Other companies	2,651	2,570	81	-
Total	**43,068**	**22,725**	**20,343**	**-**

2012	Balance	Maturities		
		3 months	6 months	12 months
Investee	19,886	19,018	868	-
Mediaset Group	20,754	1,914	18,840	-
Other companies	3,787	2,964	823	-
Total	**44,427**	**23,896**	**20,531**	**-**

During the year, the Group companies performed the following transactions with related parties:

	Sales of goods		Purchase of goods		Other sales		Purchase of rights	
	2013	2012	2013	2012	2013	2012	2013	2012
60 Db Entertainment	-	-	795	164	-	-	-	-
Editora Digital de Medios	88	22	194	19	-	-	-	-
Big Bang	-	-	4,521	5,819	-	-	-	-
Digital +	1,285	605	20,219	17,359	-	-	231	363
La Fábrica de la Tele, S.L.	1,361	-	31,863	29,456	-	-	-	-
Producc, Mandarina, S.L.	-	1	18,186	15,057	-	-	-	-
Megamedia Televisión	76	-	1,554	-	-	-	-	-
Supersport Televisión	180	-	4,557	-	-	-	-	-
Mediaset Group	1,239	87	1,157	380	3,957	3,178	-	18
Prisa Group	513	398	8,576	11,628	-	-	-	979
Endemol Group	-	(6)	-	26,600	-	-	-	964
Pegaso Group	99	77	-		56	(95)	-	-
Total	**4,841**	**1,184**	**91,622**	**106,482**	**4,013**	**3,083**	**231**	**2,324**

(Expressed in thousand of euros)

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No material provisions have been made for doubtful debts in relation to the amounts owed by related parties.

The breakdown of the financing terms between the Group and associates and shareholders as regards the established limits, balances drawn down, and maturities is as follows:

Credit facilities

	Current limit	Drawn down (Dr) Cr	Non-current limit	Drawn down (Dr) Cr	Maturity
Exercise 2013					
Associates or shareholders	75,000	19,370	-	-	2014
Exercise 2012					
Associates or shareholders	75.000	18.760	-	-	2013

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread for 2013 and 2012.

Financing provided to associates consists primarily of credit facilities or commercial loans.

25.2. Remuneration of directors

The Company's Board members earned total remuneration of 5,959 thousand euros and 5,506 thousand euros in 2013 and 2012, respectively, in the form of salaries and other compensation in kind.

The Company has not granted the directors any advances or loans and it does not have any pension or other obligations to them.

At December 31, 2013, the most significant information on the share options granted by the Company to its directors is summarized as follows:

	Number of share options	Number of options/ shares exercised
Total Board of Directors	**920,812**	**282,688**
Options granted in 2008	216,625	198,625
Options granted in 2009	108,312	16,813
Options granted in 2010	397,250	67,250
Options granted in 2011	198,625	-

(Expressed in thousand of euros)

Other disclosures on the Board of Directors

Information on equity investments held by directors in companies with similar activities and functions performed by these on their own behalf or on behalf of third parties.

In compliance with Article 229.2 of the Spanish Corporation Law, and regarding the parent company, we hereby state that Giuseppe Tringali, Paolo Vaisle, Giuliano Adreani, José Ramón Alvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Alfredo Messina, Borja de Prado Eulate, Massimo Musolino and Helena Revoredo Delvecchio members of the Board of Directors of Mediaset España Comunicación, S.A. as of December 31, 2013, nor any related party to the above board members according to article 231 of the Capital Companies Law, have not owned and do not own shareholdings in the share capital of companies that have a corporate purpose identical, similar or complementary to the activity that constitutes Mediaset España Comunicación, S.A.'s corporate purpose.

Mr. Alejandro Echevarría Busquet:

Subsidiary	Activity	Ownership	Duties
Vocento, S.A.	Communication	0.00878 %	-
Diario ABC, S.L.	Newspaper publishing	0.0002 %	Member of the Founding Board of Directors

Mr. Juan Luis Cebrián Echarri:

Subsidiary	Activity	Ownership	Duties
Promotora de Informaciones, S.A.	Information holding company	0.696 %	Executive Chairman

Mr. Manuel Polanco Moreno:

Subsidiary	Activity	Ownership	Duties
Promotora de Informaciones, S.A.	Information holding company	0.058 %	Vice - Chairman

It is hereby noted for Alejandro Echevarría Busquet, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Alfredo Messina, Borja de Prado Eulate, Massimo Musolino, Helena Revoredo Delvecchio, and Manuel Polanco Moreno, as members of the Board of Directors of Mediaset España Comunicación, S.A. at December 31, 2013, that their related parties do not hold positions in companies whose activities are identical, similar or complementary to those of the Company's in accordance with article 231 of the Capital Companies Law:

Mr. Juan Luis Cebrián Echarri:

Person related to director	Company	Duties
Daughter	On Demand Media, S.L.	Consultor
Son	Plural Entertainment España, S.L.	Head of Fiction Series
Sister	DTS Distribuidora de Televisión Digital, S.A.U.	Head of Studies

It is also hereby noted for Alejandro Echevarría Busquet, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Alfredo Messina, Borja de Prado Eulate, Massimo Musolino, Helena Revoredo Delvecchio, Juan Luis Cebrián Echarri and Manuel Polanco Moreno, as members of the Board of Directors of Mediaset España Comunicación, S.A. at December 31, 2013, that there has been no other situation representing a direct or indirect conflict of interest for the Company.

In accordance with the aforementioned text, the following is a schedule of the activities carried out by the Company's Board of Directors at December 31, 2013, either on their own or on others' behalf, in company's engaging in business activities that are identical, similar, or complementary to the activity that constitutes the corporate purpose of Mediaset España Comunicación, S.A.:

Mr. Alejandro Echevarría Busquet:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Diario El Correo, S.A.	Newspaper publishing	Self-employed	-	Board member
Editorial Cantabria, S.A.	Newspaper publishing	Self-employed	-	Board member
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	Self-employed	-	Board member

Mr. Paolo Vasile:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Conecta 5 Telecinco , S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación S.A.	Chairman
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production, and distribution of publications	Company employee	Mediaset España Comunicación S.A.	Chairman
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación S.A.	Chairman

Mr. Giuliano Adreani:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R.T.I. – Reti Televisive Italiane S.p.A.	Television operator	Self-employed	-	Board member

Mr. Pier Silvio Berlusconi:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R.T.I. – Reti Televisive Italiane S.p.A.	Television operator	Self-employed	-	Chairman/Managing Director

Mr. Giuseppe Tringali:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Sogecable Media, S.A.U.	Advertising sales	Company employee	Publiespaña, S.A.U.	Joint and several director
Publiespaña, S.A.U.	Advertising agency	Company employee	Publiespaña, S.A.U.	Chairman/Managing Director

Mr. Marco Giordani:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R.T.I. – Reti Televisive Italiane S.p.A.	Television operator	Self-employed	-	Managing Director

Mr. Manuel Polanco Moreno:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
PROMOTORA DE INFORMACIONES S.A.	Information holding company	-	-	Vice-Chairman
DTS DISTRIBUIDORA DE TELEVISION DIGITAL S.A.U.	Pay TV	-	-	Chairman
V-ME MEDIA INC	TV	-	-	Board member
CANAL CLUB DE DISTRIBUCION DE OCIO Y CULTURA, S.A.	Telemarketing TV channel	-	-	Board member
VERTIX, SGPS, S.A.	Information holding company	-	-	Chairman
GRUPO MEDIA CAPITAL, SGPS, S.A.	Information holding company	-	-	Board member
PLURAL ENTERTAINMENT PORTUGAL,S.A.	Audiovisual production	-	-	Chairman
TVI – TELEVISAO INDEPENDENTE, S.A.	Free TV	-	-	Chairman
MEDIA CAPITAL PRODUÇOES-INVESTIMENTOS, SGPS, S.A.	Audiovisual production	-	-	Chairman
MCP-MEDIA CAPITAL PRODUçOES, S.A.	Audiovisual production	-	-	Chairman
PRODUCTORA CANARIA DE PROGRAMAS, S.L.	Audiovisual production	-	-	Board member
SOCIEDAD CANARIA DE TELEVISION REGIONAL, S.A.	Audiovisual production	-	-	Joint Chief Executive Officer
PLURAL JEMPSA, S.L.	Audiovisual production	-	-	Vice President and Joint Chief Executive Officer
TESELA PRODUCCIONES AUDIOVISUALES, S.L.U.	Audiovisual production	-	-	Joint and several director
PLURAL ENTERTAINMENT ESPAÑA, S.L.U.	Audiovisual production	-	-	Joint and several director
PLURAL ENTERTAINMENT CANARIAS, S.L.U.	Audiovisual production	-	-	Joint and several director

Mr. Massimo Musolino:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Publiespaña, S.A.U.	Advertising agency	Company employee	Mediaset España Comunicación, S.A.	Board member
DTS Distribuidora de Televisión Digital, S.A.	Indirect management of public pay TV service	Company employee	Mediaset España Comunicación, S.A.	Vice Chairman
Conecta 5 Telecinco , S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Mediaset España Comunicación, S.A.	Board member
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production, and distribution of publications	Company employee	Mediaset España Comunicación, S.A.	Managing Director
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Mediaset España Comunicación, S.A.	Managing Director
Mediacinco Cartera, S.L.	Financial investments	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director
Premiere Megaplex, S.A. U.	Gaming and betting activities	Company employee	Mediaset España Comunicación, S.A.	Chairman/Managing Director

Mr. Juan Luis Cebrián Echarri:

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
PROMOTORA DE INFORMACIONES, S.A.	Information holding company	-	-	Executive Chairman
DTS Distribuidora de Televisión Digital, S.A.	Pay TV	-	-	Board member

In accordance with the above, we hereby state that José Ramón Álvarez Rendueles, Angel Durández Adeva, Alfredo Messina, Borja de Prado Eulate, Fedele Confalonieri and Helena Revoredo Delvecchio have not and do not carry out activities, either on their own or on others' behalf, in companies engaging in business activities that are identical, similar, or complementary to the activity that constitutes Mediaset España Comunicación, S.A.'s corporate purpose.

25.3. Compensation to key management personnel

Compensation paid to General Directors of the Company and individuals who discharge similar functions, excluding those who are also members of the Board of Directors, is summarized as follows:

(Thousands of euros)

Number of persons		Total compensation	
2013	2012	2013	2012
23	22	9,176	7,970

A list of the key management personnel is included in the accompanying Corporate Governace report.

The remuneration consists of a fixed amount and a variable amount. The variable remuneration is determined by applying a percentage to the fixed remuneration in each case, based on the extent to which certain annual targets are met,

In addition, there is an item of remuneration that is earned over more than one year, the targets of which are not certain to be met; however, at December 31, 2013 and 2012, the Company recognized a provision that represents its best estimate at that date based on a conservative forecast.

In 2013, management was not assigned share options (in 2012, management was not assigned share options).

26. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Nothing significant to report.

27. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These consolidated financial statements are a translation of the consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails.

THE SPANISH ECONOMY IN 2013

Data on the Spanish economy during 2013 indicates that Spain emerged from the recession during the second part of the year, accumulating slight GDP increases during two consecutive quarters (+0.1% in 3Q2013 and +0.3% in 4Q2013), after a total of nine consecutive quarters of contractions. Such moderate growth rates evidently are not worthy of overoptimism, as basic economic indicators (most notably, unemployment) are disproportionately negative. Although the GDP posted a year-on-year drop of 1.2%, as discussed in the Management Report corresponding to the consolidated interim financial statements at June 30, 2013, a slight relative indication of improvement in basic economic data was noted. After such a dire 2012 (arguably the worst year of the crisis), a plateau growth trend arose, which is a "sine qua non" condition making it possible that, through the progression of time, the negative trend gradually transforms to positive, which seems to have finally occurred during the second half of the year.

Although definite data is not available, the 2013 global GDP is expected to be around 2.9%, which is the fourth consecutive year of fall, mainly due to the fact that the growth rates of emerging economies have halved over the past five years. The following situations prevail in developed economies:

Although 2013 forecasts for the US economy were a point lower than 2012 (1.8% vs. 2.8%), the tendency towards a sustainable cruising growth rate seemed confirmed during the last two quarters, and became clearer once the two main political parties reached a tax agreement at year end, which points to a 3% growth rate in 2014.

With respect to the Eurozone, the drop in the GDP during the year was approximately 0.4%, which is not only lower than 2012, but is also indicative that things are looking up.

As mentioned previously, data for Spain at the date of preparation of these financial statements indicates that the GDP dropped 1.2% in 2013, with a clear indication that as the year progresses things are heading towards a new cycle of expansion. In this regard, with a 2.8% drop in internal demand, all the components have improved throughout the year, with slight quarter-on-quarter steps forward starting in the summer; this has not been the case since 2010. Private consumption is of key importance to our business, as it is directly linked to advertising; it showed several positive changes during the third quarter.

Unemployment data also seems indicative of a change in the cycle when considering 4Q2013 and January 2014; for the year as a whole, joblessness rose 1.3 points to an overall 26.4%. Without a doubt, reducing unemployment to more tolerable levels is definitely one of the greatest hurdles for this changing cycle.

Against this backdrop, it is also important to note that the inevitable financial deleveraging of Spanish households, which may be seen from contradictory points of view (a lessened burden of debt, which is positive, which also slows down short-term consumption), seems to be a necessary condition to head in the direction of growth to reaching solid ground. It is also worth noting that in recent months new credit transactions have increased substantially, including those granted by our financial system to companies as well as consumers, which illustrates a trend towards credit normalization.

Based on the above, the obvious question would be: What is the macroeconomic scenario facing Spain in 2014, and what is the general backdrop against which our TV business will move forward? Based on events during 2013 (confirmation that Spain began emerging from the recession during the second half of the year), as well as tendencies pointing to a slow revival of economic activity, there is a widespread consensus that the GDP will grow 1%. This takes into account that contribution from the external sector will continue to be of paramount importance, indicating that the weight of national demand will be roughly half, with unemployment slightly decreasing although still around 25%. This modest growth scenario is not without certain risks and threats which still have not completely dissipated, including tax adjustment and budgetary processes in Europe as well as Spain, financial upheaval, slower growth rates in emerging economies, and the sustainability of expansive tax and monetary policies in the US.

THE TELEVISION INDUSTRY IN 2013: THE YEAR THE SECTOR WAS CONSOLIDATED

As reflected in the Management Report corresponding to the interim consolidated financial statements for for the first half of 2013, the TV advertising market showed a trend to gradual improvement from drop heights close to 20% (last quarter of 2012). These negative growth rates gradually decreased throughout the year, to finally become positive during the last quarter, riding the wave of the abovementioned incipient economic recovery.

During the year, overall advertising investment declined in line with the past six years, with the exception of 2010, which pushed the TV advertising market over the edge into a 50% drop since its peak in 2007.

It is not all bad news in the advertising sector, however, thanks to the positive trend during the final months of 2013, which was confirmed by the market during the first months of 2014. The weight of the TV advertising market with respect to the market in general rose in 2013, while consumption of TV measured by number of minutes per person and day has increased during the year; therefore, ignoring the impact of the crisis on viewing habits, the communications and entertainment is robust, with great potential. For the first time in three years, ad sales prices remained stable after a continual decline commencing the second half of 2008.

At the date of preparation of these financial statements, the data estimates (as of yet unconfirmed by Infoadex data), indicate that the TV advertising market will have ended 2013 with a drop of 6.2%.

Turning to audience figures, after the integration of Cuatro in 2011 and the launch of the new "Divinity" channel the same year, the Group moved forward with its diversification and complementation strategies by launching "Energy" in 2012, which mainly addresses the male population via the sporting events to which the Group bought the rights, as well as content specifically acquired for the channel, and "La Nueve" at the beginning of 2013. Thus, along with its more consolidated channels, such as Factoría de Ficción, La Siete, and Boing, and its driving force, Telecinco, the Company has managed to consolidate the overall audience of its family of channels as well as each of them individually. It has avoided cannibalization within an environment in which TV consumption has reached its maximum records.

Audience data indicate that Mediaset España was the absolute leader during 2013, with a 29% share, representing a 0.9 point increase as compared to 2012, and a 0.2 point advantage with respect to Grupo Atresmedia. Our year-end 2013 data is 12.3% over RTVE's.

Telecinco reached 13.5% during the year, which is 0.1 points over its main competitor and 3.3 points ahead of "La Primera" (RTVE) while Cuatro's 6% share is identical to that of "La Sexta." Finally, as regards the newer- generation digital channels, those comprising the Mediaset España Group registered an 9.4% audience share, which matches its main competitor's group of channels, with a 1.1 point increase with respect to the prior year; this all attests to the competitiveness of the market as well as the merit inherent in once again being leaders in audience levels.

Comparing the Group's results in 2013 with those of 2012, the following is evident:

- Total operating income dropped from 886,727 thousand euros in 2012 to 826,820 thousand euros in 2013 as a result of a drop in ad revenue.
- On a year-to-year basis, operating expenses went from 837,924 thousand euros to 756,648 thousand euros, representing a 10% decrease, which can be explained by the Group's ongoing cost-saving strategy designed to adapt to different advertising market circumstances, as well as by the decrease of sporting events during the year.
- Operating profit amounted to 70,172 thousand euros as compared to the 48,803 thousand euros recognized during 2012, a 44% increase. This leaves an operating margin (operating profit/operating income) of 8.8% vs.

the 5.5% obtained in 2012, which once again demonstrates the Group's efforts at protecting and increasing operational margins through efficient cost control measures aimed at optimizing results based on prevailing market conditions.

- Lastly, profit for 2013 attributable to the parent amounted to 4,161 thousand euros, compared to 50,143 thousand euros in 2012. This decrease is the result of an impairment write-down for th.

DIVIDENDS

During 2013, no dividends were distributed against results, due to the exceptionally negative conditions of the audiovisual sector in general, as well as the advertising market during the first part of the year.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

The Mediaset España Group maintained its policy of investing in audiovisual broadcasting rights, carefully selecting the type of rights and content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. The Group placed special emphasis once again on investment in Spanish series.

Worth highlighting were the activities undertaken by Telecinco Cinema, S.A.U., a wholly owned subsidiary of Mediaset España Comunicación, S.A. charged with film production under the legal requirement of TV concessionaires to earmark 3% of operating revenue for Spanish and European film production.

As investment in film production arises from a legal obligation and not a decision made freely by the network, the Group has opted for quality and ambitious projects based on global strategic criteria guiding its activity in this field. Where possible, it opts for productions of a certain size and scope that are apt for international showing bearing in mind market conditions and the Group's financing capacity, as this obligation outweighs the revenues generated, regardless of the trend and without any consideration to costs incurred or margins commanded.

In short, the aim is to combine financial wherewithal, talent, profitability, and opportunities efficiently for our brightest and most promising professionals in order to maximize the return on investment -in light of global conditions, maximum importance is attached to this- considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the Group's logo.

After a very successful 2012, this was a year of transition for Telecinco Cinema, focused on developing highly ambitious projects which will be launched during the upcoming two years. Also, three new films were premiered: "Volver a Nacer," "Afterparty," and "Séptimo." They earned more than 4.5 million euros at the box office. Four new films began filming during the year, with a projected 2014 debut, as well as another ambitious animation project which should be ready for the public in 2015.

It is also worth noting that in 2013, the economy caused a swath of destruction in the Spanish film sector: box office takings decreased 17%, and market share went down 14% vs. 19% in 2012. The Group nonetheless carries on with diligent efforts to produce quality movies aimed at all segments of the public.

INTERNET

The Group considers Internet a strategically important current and future activity.

In 2012, the Group broke even in this segment.

According to OJD data, Telecinco was the television website with the highest traffic during the year. The Mediaset.es website also led communication groups operating in Spain.

The Group's MiTele website encompasses all its audiovisual content. It bolstered its contents while becoming more available through its specific areas devoted to film (movies in their original version, i.e., not dubbed) for children's programming..

TREASURY SHARES

At December 31, 2013, the Group held 5,563,223 of its own shares, representing 1.37% of share capital.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

In 2013, stock exchanges performed positively, with upward swings in main markets such as S&P (US), Dax (Germany), and Nikkei (Japan), with the first two having reached historical levels. The IBEX 35 trend was positive, reflecting a 21% revaluation, which is a clear indication of the improved perception equity market investors have of the trend of Spain's economy.

Mediaset España's share price behaved positively in 2013, growing 64.8%: at December 31 it was 8.39 euros (2012: 5.09 euros).

During 2013, Mediaset España's market capitalization was 3,414 million euros, which means it still leads the sector well ahead of its nearest competitors: it is well over the all the other Spanish companies in its sector and the fourth-ranked communication group in Europe.

The average volume of shares traded during the year was 1,552 thousand, equivalent to 10,773 thousand euros, which is substantially higher than 2012.

Once again, it is especially noteworthy that Mediaset España's share price reached a yearly high of 9.40 euros on October 21, with its minimum registered on February 7 (5.03 euros)

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

Good practice in corporate governance means establishing rules, principles, and incentives at companies that help safeguard the interests of the company and its shareholders, and guarantee greater transparency in management.

Mediaset España's commitment to the regulations and principles of good government have been evident since it first was listed on the market in 2004. Since then, our focus has been on adapting our different regulating bodies to the

Code of Good Governance as well as others inexistent until now: our Code of Ethics is obligatory for any natural or legal person collaborating in any and all capacities with us, as well as the Rules of Internal Conduct of Mediaset España Comunicación, S.A. and subsidiaries with regards to the securities market.

This also contemplates a review of the quantitative and qualitative composition of the Board of Directors and the Commissions in order to comply with recommendations in this regard.

Mediaset España Comunicación, S.A. and subsidiaries' Corporate Governance Report, Report on Corporate Responsibility, and Remuneration Policy are approved at its General Shareholders' Meeting, and were verified by independent auditors (PricewaterhouseCoopers) which rated it top among IBEX-35 companies in a study of Corporate Governance compliance, as do other specialized institutions.

HEDGING

The Group uses financial instruments to hedge the impact of foreign exchange differences in connection with transactions (primarily the acquisition of external production rights) denominated in foreign currency. These hedges are designed to offset the impact on the income statement of exchange-rate fluctuations in outstanding amounts payable on these transactions. Specifically, the Group buys foreign currency forward for the amounts payable so as to match the forecast payment dates.

RISK CONTROL

The Group's risk management policies are described in Note 22.4 of the accompanying consolidated financial statements.

RESEARCH AND DEVELOPMENT COSTS

Mediaset's biggest investments go to the current and future content broadcast by the Group. It does not have a specific R&D department, although innovation is still a crucial area of future development.

EVENTS AFTER THE REPORTING PERIOD

At the date of preparation of these consolidated financial statements, no significant events have occurred.

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out to acquire Cuatro and 22% of Digital+ amounted to 123,320,928.00 euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of 0.50 euros each. As a result of the capital increases, the number of shares increased to 406,861,426 of 0.50

euros par value each, taking the total to 203,430,713 euros. All the shares are of the same class and represented by book entries.

The Company's shares are listed on the Madrid, Barcelona, Bilbao, and Valencia stock exchanges. The ISIN code is ES0152503035.

Mediaset España Comunicación, S.A. is a member of the IBEX 35 since January 3, 2005.

BUSINESS OUTLOOK

Our business is mainly dependent on advertising, which in turn is closely and directly linked to private consumption trends, as well as employment. Considering this, the Group's activity in 2014 cannot be considered outside the prevailing macro-economic context in which it carries out its business; as discussed in the Management Report, economic data for the last two quarters of 2013 indicate the end of the recession and the beginning of recovery which, based on estimates and projections, may very well lead to moderate growth.

As regards free-to-air television wee believe that the consolidation process of the last year in which the Group was pioneer is going to posively mark its evolution forging a strong presence based on a more rational use and transparency, making it more easily adaptable to the changing economic cycle; this includes strategies aimed at the recovery of advertising rates which went into free fall from 2007 to 2012.

Available data on TV consumption and its share of the total advertising income pie indicate that the sector has undergone a crisis brought on by the economic recession; however, structural factors remain solid.

Within this context of the concentration and consolidation of operators, the Company's business strategy will be focused on how to maintain its strong lead, in both terms of audience as well as advertising market, while being fully-adapted to the environment which affects cash generation as well as its cost structure, in order to protect its financial margins as well as foster growth if indeed income improves as indicated over recent months.

As far as its programming lineup is concerned, the Company will continue to support genres which have traditionally been popular, thereby making it the indisputable leader of the market; it will also continue with its strategy of diversification, focusing on the different audience to which the family of channels is tailored. Also, it will endeavor to better position each channel in advertising terms, while remaining cognizant of sporting events which, in an increasingly-fragmented market, are very popular and attract large audiences. All this will take place with close supervision of acquisition costs and attention to advertising opportunities, which are key to obtaining economic benefits, as well as a relevant goal within our programming strategy and commercial operations.

A final first-line goal is to maintain a solid financial and equity position (while remaining virtually debt-free and with positive cash-flow), thereby making it possible to objectively and independently consider operational and business opportunities as they arise within the context of the current ever-changing environment, while bolstering the Company's competitive edge in the face of the high financial leverage which affects the majority of the companies competing in its sector.

RESTRICTIONS ON VOTING RIGHTS

There are no legal or bylaw stipulated restrictions on exercising voting rights. Each share carries one vote.

SHAREHOLDER AGREEMENTS

Shareholder agreements in force are those included in the "Significant event" notice filed by the Company with the National Securities Exchange Commission (CNMV) on February 8, 2011, reproduced below:

Through this communication we inform of the clauses restricting the transfer of shares or relating to the exercise of the right to vote at the General Meetings that are included in the Integration Agreement and the Option Agreement entered into between Mediaset España Comunicación, S.A., Prisa Televisión, S.A.U. ("Prisa Televisión") and Promotora de Informaciones, S.A. ("Prisa"), as listed and described in Telecinco Prospectus approved and registered by the National Securities Market dated November 18, 2010 and January 25, 2011 (the "Prospectus"):

1. Integration Contract

Subject to Clause 3.4 of the Integration Agreement and as described in the Prospectus dated November 18, 2010, Prisa TV (formerly Sogecable) is entitled to appoint two of the eight members of the Board of Directors of Mediaset and will be entitled to appoint one director for as long as it holds a minimum of 5% of Mediaset's share capital. In addition, whilst Prisa TV holds 10% of Telecinco's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee, and a member of the Remuneration and Nomination Committee. Mediaset S.p.A. has expressed its agreement with the contents of the indicated clause.

The following is the transcription of the clause 3.4 of the Integration Agreement:

"(3.4) Telecinco Government

Following the integration, when it becomes effective, Sogecable will have a proportional representation on the board of Mediaset España and in particular, the following rights in relation to corporate governance of Telecinco:

(i) *Sogecable has the right to appoint two of the 15 members that make up the Board of Directors of Mediaset (and without prejudice to said right of Prisa Televisión, the directors appointed by Mediaset will be reduced to eight);*

(ii) *the rules of proportional representation will be taken into account for purposes of giving rights to appoint directors of Prisa Televisión if a change occurs in (a) the total number of board members specified in paragraph (i) above, or (b) the participation of Sogecable in Telecinco; all without prejudice to the right granted to Sogecable under the following paragraph;*

(iii) *the extent to which Sogecable maintains a share of at least 5% of the share capital of Mediaset España, Prisa Televisión has the right to retain one board member, and*

(iv) *while Sogecable has an ownership interest in more than 10% of the share capital of Mediaset España, Prisa Televisión has the right to appoint, among its representatives on the board of Mediaset España,*

- *a non-executive vice president;*
- *a member of the executive committee*
- *a member of the audit and control, and*
- *a member of the remuneration and nomination committee".*

RULES GOVERNING THE APPOINTMENT AND REPLACEMENT OF DIRECTORS AND THE AMENDMENT OF THE COMPANY´S BYLAWS

A. Appointment and removal of directors

Article 41 of the Company bylaws:

1. Directors shall be appointed pursuant to a resolution of the shareholders at the General Meeting, adopted in accordance with the requirements of article 102 of the Spanish Corporation Law.

2. Notwithstanding the foregoing, the designation of directors through the proportional system referred to in article 137 of the Spanish Corporation Law is duly safeguarded.

3. In the event of a vacancy during the term for which the directors were appointed, the Board may co-opt a shareholder to occupy the position until the earliest General Meeting

Article 54 of the Company bylaws:

1. Directors shall be appointed for a period of five years and may be re-elected for one or more subsequent terms of equal length. The appointment shall lapse at the end of the term once the subsequent General Meeting has been held or at the end of the legal term established for calling the Annual General Meeting.

2. The appointment of directors designated by cooptation shall be deemed to have been made and the directors shall exercise their functions up to and including the date of the next General Meeting, without prejudice to the shareholders' powers of ratification at the General Meeting.

3. Independent directors may exercise their functions for a maximum period of twelve (12) years and may not be re-elected after such period except subject to a favourable report by the Appointments and Remuneration Committee.

Article 55 - Removal of directors

1. Directors shall cease to hold office when so determined at the General Meeting, when they notify the Company of their resignation or decision to stand down or when the term for which they were appointed elapses. In the latter case, the resignation shall be effective from the date of the earliest General Meeting.

2. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations: (a) when they reach the age of 70; (b) when they retire from the executive positions to which their appointment as directors was associated; (c) when they are involved in any applicable situations of incompatibility or prohibition; (d) when they have been seriously reprimanded by the Appointments and Remuneration Committee for having infringed their duties as directors; and (e) when their continuity as directors jeopardises the Company's interests or adversely affects its prestige and reputation or when the reasons for which they were appointed cease to exist (e.g. when proprietary directors dispose of their ownership interest in the company).

3. Directors who stand down from the Board prior to the end of their mandate must submit a letter to all the members of the Board explaining the reasons for vacating office. The Company shall also notify the Spanish National Securities Market Commission (CNMV) of the resignation in a significant event filing and explain the reasons in the annual Corporate Governance Report.

B. Amendments to the Company's bylaws

Article 34. - Adoption of resolutions.

1. Resolutions shall be adopted at Annual General Meetings or at Extraordinary General Meetings with the majorities required under the Spanish Corporation Law. Every voting share present or duly represented at the General Meeting shall carry one vote.

2. The majority required to approve resolutions shall be one half plus one of the voting shares present or duly represented at the General Meeting, except for the instances stipulating larger majorities, provided for in Law or these bylaws.

POWERS OF DIRECTORS AND, SPECIFICALLY, POWERS TO ISSUE OR BUY BACK SHARES

These powers are regulated firstly in the Company's bylaws and secondly in the internal code of conduct.

A. Article 37 of the bylaws regulates management and supervisory powers as follows:

1. Except for matters reserved solely to General Meeting, the Board of Directors is the Company's highest decision-making body.

2. The Board of Directors has all the powers required to manage the Company. However, the management of the Company's ordinary business shall generally be entrusted to the steering committees and to the management team and the Board of Directors shall focus on establishing the Company's general strategy and exercising general supervisory functions. In any case, decisions on the following matters are the exclusive reserve of the Board of Directors and may not be delegated:

a) Authorization for issue of the financial statements, management report, and proposed distribution of profit, and the consolidated financial statements and Group management report.

b) Appointment of directors by co-optation and proposals to the General Meeting for the appointment, ratification, re-election, or removal of directors.

c) Designation and re-election of internal positions on the Board of Directors and members of committees.

d) Establishment of the remuneration of the members of the Board of Directors, to be proposed by the Appointments and Remuneration Committee.

e) Payment of interim dividends.

f) Announcements relating to any takeover bids launched for the securities issued by the Company.

g) Approval and amendment of the Board of Directors' Regulations governing internal organization and functions.

h) Authorization for issuance of the annual Corporate Governance Report.

i) Exercise of the powers delegated by the shareholders in general meeting when powers of substitution have not been established and the performance of any duties entrusted by the shareholders in general meeting.

j) Conclusion of any agreement or establishment of any legal relationship between the Company and any shareholders (or companies belonging to the same group as the shareholder) with ownership interests of over five per cent and of an amount in excess of 13,000,000 euros.

k) Conclusion of any agreement or establishment of any legal relationship between the Company and any third party valued at over 80,000,000 euros.

l) Approval of annual budgets and, if applicable, strategic plans.

m) Oversight of investing and financing policy.

n) Oversight of the shareholder structure of the Mediaset España Group.

o) Approval of corporate governance policy

p) Oversight of corporate social responsibility policy.

q) Approval of the remuneration policy for executive directors for their executive functions and the main terms that their contracts must fulfil.

r) Performance evaluation of the Company's executive directors.

s) Monitoring, following a prior report of the Audit and Compliance Committee, of the risk control and management policy, and the internal information and control systems.

t) Approval of Company policy on treasury shares.

u) Staying abreast of the removal and appointment of senior executives, and their contract terms.

v) Approval at the proposal of the Audit and Compliance Committee, of the financial information that the Company must publish periodically.

w) Approval of the creation or acquisition of ownership interests in special-purpose entities or companies domiciled in countries or territories considered to be tax havens and any transactions or operations of a similar nature which, due to the complexity thereof, may adversely affect the Group's transparency.

x) Authorization, following a favourable report of the Audit and Compliance Committee, of the related-party transactions that Mediaset España Comunicación, S.A. may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfil the following conditions: (i) they are applied en masse to a group of customers and in accordance with standard terms and conditions, (ii) they are performed at prices established in general terms by the supplier of the service or on an arm's length basis, (iii) the related amount does not exceed 1% of Mediaset España Comunicación's annual revenue. The directors affected by related-party transactions which, due to the nature thereof, are subject to vote by the Board of Directors, shall not attend the meeting and may not vote or delegate their vote.

y) Any other matters that the Board of Directors Regulations reserve for handling by the Board in full.

The powers reserved for the Board of Directors, except those that legally or statutorily cannot be delegated, are vested in the Executive Committee and the two chief executive officers, Paolo Vasile and Giuseppe Tringali.

B. Section 9 of the in-house Code of Conduct of Mediaset España Comunicación, S.A. and its Group governing its dealings in the securities markets sets out the rules applicable to transactions in treasury shares, specifically providing the following:

9.1. Definition of treasury share transactions falling under the remit of the securities market code of conduct

Transactions with treasury shares shall be deemed to be those engaged in with shares issued by Telecinco Group companies and derivative instruments whose underlying is the aforementioned shares.

These transactions may be undertaken

a) Directly by the Company or by other Telecinco Group companies.

b) Indirectly, through third parties with an explicit or implicit mandate.

c) By third parties without a mandate but acting to the same end

9.2. Policy on treasury shares

Within the scope of the authorization given at the General Meeting, the Company's Board of Directors shall be responsible for drawing up specific plans for the acquisition or disposal of treasury shares.

9.3. General principles guiding trading in treasury shares

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

All Affected Persons are obliged to know and comply with the applicable internal regulations and procedures.

9.3.2. Purpose

The overriding objective of trading in treasury shares is to provide investors with the adequate market liquidity and depth for its securities, and to minimise any possible temporary imbalances arising between market demand and supply. Under no circumstances shall trading be engaged in with a view to intervening in the free formation of prices.

9.3.3. Transparency

Transparency in dealings with the stock exchange supervisory and regulatory bodies in connection with treasury share transactions shall be monitored.

9.3.4. Insider information

Under no circumstances may persons who have had access to insider information on the related securities and instruments trade in treasury shares.

9.3.5. Neutrality in price formation

Intervention shall be neutral and under no circumstances may a dominant position be held in the market.

9.3.6. Brokerage

The Telecinco Group companies shall channel all trading in Company shares through a limited number of market members. Prior to any trading the Company shall inform the CNMV in a confidential manner of the designated member and also of any replacement thereof. In the event that a framework agreement is executed with any market member governing treasury share dealing, a confidential copy thereof shall be furnished to the CNMV and to the stock exchange governing bodies.

9.3.7. Counterparty

The Telecinco Group companies shall refrain from buying or selling Company shares where the counterparty is any of the following persons or entities: (i) Telecinco Group companies, (ii) the directors thereof, (iii) their significant shareholders, or (iv) interposed persons of any of the above. Similarly, the Telecinco Group companies may not simultaneously hold purchase and sale orders for Company shares.

9.3.8. Restriction

Trading in Company shares shall not be engaged in during processes related to public offerings, takeover bids, mergers or other similar corporate operations unless expressly provided for in the prospectus for the transaction in question. The Company shall also refrain from trading in treasury shares during the closed periods established in article 4.3.4 of the Code of Conduct.

9.3.9. Amendment

In the event of the urgent need to protect the interests of the Telecinco Group and its shareholders, the chief executive officer or the director of regulatory compliance may agree to temporarily amend or suspend the application of the foregoing regulations, of which the Board of Directors and the CNMV shall be informed.

9.4. Stock option plans

Notwithstanding the foregoing, the rules established in articles 9.1 to 9.3 of the Code shall not apply with respect to the acquisition of treasury shares to be subsequently granted to the beneficiaries of the Company's stock option plans approved by the Board of Directors, or to the other trading in treasury shares entered into by the Company within the framework of a share buyback program. The aforementioned transactions shall be executed taking into account the particular characteristics thereof, the manner and the specific features established by the Board of Directors when approving the plans, which shall comply with the conditions established in the regulations implementing article 81.4 of the Securities Market Law.

9.5. Designation and functions of the department responsible for the management of treasury shares

The Management Control Department shall be responsible for managing treasury shares

9.5.1. Special duty of confidentiality

The persons that form part of the Management Control Department assume special confidentiality commitments with respect to treasury share strategy and trading.

9.5.2. Duties

The Department shall be responsible for:

a) Managing the treasury shares in accordance with the general principles established in the Code of Conduct and those determined by the Telecinco Group's managing bodies.

b) Overseeing the performance of the Telecinco's shares and informing the director of regulatory compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.

c) Keeping a record of all treasury share trades ordered and executed for consultation by the director of regulatory compliance, the Board of Directors or any other persons designated by the Board.

d) Establishing relationships with any supervisory bodies as necessary to correctly comply with the provisions of this Code.

e) Preparing a report on the Department's activities quarterly or whenever so required.

f) Notifying the director of regulatory compliance of any significant incident arising from the management of the treasury shares.

SIGNIFICANT AGREEMENTS THAT WOULD COME INTO FORCE, BE AMENDED OR EXPIRE IN THE EVENT OF A CHANGE OF CONTROL AT THE COMPANY

There are no significant agreements subject to a change in control at the Company.

(Expressed in thousand of euros)

AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS AND MANAGERS THAT PROVIDE FOR SPECIAL INDEMNITIES

The following table itemises the only instances of special indemnification schemes outstanding between the Company and its directors and managers.

Position	Guarantee or golden parachute clause
General Manager	**Termination of contract by the Company (except for just cause):** (in replacement of legally prescribed severance, unless the latter is higher) Termination between 04/24/02 and 12/31/07: 24 months' salary. Termination between 2008 and 2011: 18 months' salary. Termination thereafter: 12 months' salary.
General Manager	**Severance scheme:** a) Voluntary redundancy: accrual per annum: fixed annual salary + annual bonus/13,5, so that total compensation is equivalent to the total years worked. b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above.
Division Manager	**Termination of contract by the Company (except in case of just cause):** An indemnity of one year of gross fixed salary plus legally prescribed severance
Manager	**Termination of contract for reason attributable to the Company (except in case of just cause):** 18 months of fixed salary (including legally prescribed severance).

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