FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE

2014

MEDIASETespaña.

MEDIASET ESPAÑA COMUNICACIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014, PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU) AS ADOPTED BY THE EUROPEAN UNION, AND DIRECTORS' REPORT

Independent Audit Report

MEDIASET ESPAÑA COMUNICACIÓN, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report for the year ended December 31, 2014

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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)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated statement of financial position at December 31, 2014, the consolidated 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.

Directors' responsibility for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the consolidated equity and consolidated financial position and the consolidated results of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries at December 31, 2014, and its consolidated results and consolidated cash flow for the year then ended, in accordance with IFRS, as adopted by the EU, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated 2014 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business 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 2014 consolidated financial statements. 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 25, 2015

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2014 AND AT DECEMBER 31, 2013

Expressed in thousand of euros

ASSETS	12/31/14	12/31/13
NON-CURRENT ASSETS		
Property, plant, and equipment (Note 6)	48,629	49,679
Intangible assets (Note 7)	217,313	226,377
Audiovisual property rights (Note 8)	228,638	235,539
Goodwill (Note 9)	287,357	287,357
Equity method investments (Note 10)	9,901	394,863
Non-current financial assets (Note 11)	6,349	4,580
Deferred tax assets (Note 19.5)	164,783	186,290
Total non-current assets	**962,970**	**1,384,685**
CURRENT ASSETS		
Non-current assets held for sale (Note 13)	7,933	-
Inventories	1,610	4,701
Accounts receivable	223,997	219,763
Trade receivables for sales and services (Note 22.2)	201,718	196,352
Trade receivables from related parties (Note 25.1)	2,098	3,041
Sundry receivables (Note 22.2)	11	176
Employee receivables (Note 22.2)	52	62
Other receivable from public authorities (Note 19.3)	7,659	489
Income tax current assets (Note 19.3)	12,459	19,643
Other current assets (Note 12)	12,818	11,931
Other current financial assets (Note 22.2)	1,309	752
Cash and cash equivalents (Note 14)	275,782	112,774
Total current assets	**523,449**	**349,921**
TOTAL ASSETS	**1,486,419**	**1,734,606**

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

Expressed in thousand of euros

EQUITY AND LIABILITIES	12/31/14	12/31/13
EQUITY (Note 15)		
Share capital	203,431	203,431
Share premium	1,064,247	1,064,247
Share-based payment reserves	11,138	14,573
Other reserves	210,257	206,175
Treasury shares	(371,373)	(73,445)
Valuation adjustments	3,911	-
Profit for the year attributable to the parent	59,492	4,161
Total equity of the parent	**1,181,103**	**1,419,141**
Non-controlling interests	8,303	12,234
Total equity	1,189,406	1,431,375
NON-CURRENT LIABILITIES		
Non-current provisions (Note 16)	9,678	10,378
Related party borrowings (Note 17)	11,144	-
Other non-current liabilities	405	185
Deferred tax liabilities (Note 19.5)	10,033	9,884
Total non-current liabilities	31,260	20,447
CURRENT LIABILITIES		
Payable to related parties (Note 25.1)	18,243	43,068
Accounts payable for purchases and services (Note 22.2)	93,883	102,052
Accounts payable for audiovisual rights (Note 22.2)	67,549	59,749
Other non-trade payables	46,853	37,360
Bank borrowings (Note 22.2)	239	678
Payables to public authorities (Note 19.3)	29,780	25,047
Payables for non-current asset acquisitions (Note 22.2)	4,027	1,200
Remuneration payable (Note 22.2)	9,281	10,346
Other borrowings (Note 22.2)	3,526	89
Current provisions (Note 18)	38,426	34,574
Other current liabilities	799	5,981
Total current liabilities	**256,753**	**282,784**
TOTAL EQUITY AND LIABILITIES	**1,486,419**	**1,734,606**

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

CONSOLIDATED SEPARATE INCOME STATEMENT AT DECEMBER 31, 2014 AND AT DECEMBER 31, 2013

Expressed in thousand of euros

	12/31/14	12/31/13
INCOME		
Revenue (Note 23.1)	919,400	818,825
Sales	899,902	813,788
Discount and volume rebates	(33,513)	(35,678)
Revenue from the rendering of services	53,011	40,715
Other operating income	12,687	7,995
Total operating income	**932,087**	**826,820**
EXPENSES		
Decrease in inventories of finished goods and work in progress	3,076	1,304
Procurements	260,855	270,346
Staff costs (Note 23.2)	106,186	104,850
Amortization of audiovisual property rights (Note 8)	199,220	173,927
Depreciation and amortization charge (Note 6 and 7)	17,268	18,076
Change in operating provisions (Note 23.3)	1,850	(1,055)
Other expenses (Note 23.4)	198,878	189,200
Total operating expenses	**787,333**	**756,648**
Profit from operations	**144,754**	**70,172**
Net finance income/(expense) (Note 23.6)	(632)	(3,111)
Exchange differences (Note 23.7)	620	(154)
Result of companies accounted for using the equity method (Note 10)	1,898	(70,745)
Sale/Impairment losses of other financial assets	(61,092)	(94)
Gains (losses) on disposals of non-current assets available for sale	-	1,648
Profit before tax	**85,548**	**(2,284)**
Income tax (Note 19.4)	29,986	(6,181)
Profit for the year	**55,562**	**3,897**
Attributable to:		
Shareholders of the parent	59,492	4,161
Non-controlling interests	(3,930)	(264)
Earnings per share (Note 24.1)	**0.15**	**0.01**
Diluted earnings per share (Note 24.2)	**0.15**	**0.01**

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2014 AND DECEMBER 31, 2013

Expressed in thousand of euros

	12/31/14	12/31/13
PROFIT FOR THE YEAR	55,562	3,897
Income and expense recognized directly in equity to later be recycled to the income statement	3,911	-
Net Profit/(Loss) from available-for-sale assets	3,911	-
Income and expense recognized directly in equity which later will not be recycled to the income statement	-	-
TOTAL PROFIT FOR THE YEAR	59,473	3,897
Attributable to:		
Shareholders of the parent	63,403	4,161
Non-controlling interests	(3,930)	(264)

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2014 AND DECEMBER 31, 2013

Expressed in thousand of euros

	Share capital (Note 15.1)	Legal reserve (Note 15.2)	Share premium	Share-based payment reserve	Treasury shares (Note 15.3)
Balance at 12/31/13	203,431	40,686	1,064,247	14,573	(73,445)
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	-	-	-	(3,435)	(297,928)
Share based payment	-	-	-	-	-
Other changes	-	-	-	-	-
Balance at 12/31/14	203,431	40,686	1,064,247	11,138	(371,373)

	Share capital (Note 15.1)	Legal reserve (Note 15.2)	Share premium	Share-based payment reserve	Treasury shares (Note 15.3)
Balance at 12/31/12	203,431	40,686	1,064,247	15,361	(84,746)
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)	11,301
Share-based payment	-	-	-	139	-
Other changes	-	-	-	-	-
Balance at 12/31/13	203,431	40,686	1,064,247	14,573	(73,445)

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

Expressed in thousand of euros

Other reserves	Valuation adjustments	Profit for the year	Total equity of the parent	Non-controlling Interest (Note 15.4)	Total
165,489	-	4,161	1,419,141	12,234	1,431,376
-	3,911	-	3,911	-	3,911
-	-	59,492	59,492	(3,930)	55,562
-	**3,911**	**59,492**	**63,403**	**(3,930)**	**59,473**
4,161	-	(4,161)	-	-	-
(557)	-	-	(301,920)	-	(301,920)
-	-	-	-	-	-
478	-	-	478	-	478
169,571	-	59,492	1,181,103	8,303	1,189,406
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)	-	-	-
(4,578)	-	-	5,796	-	5,796
-	-	-	139	-	139
645	-	-	645	-	645
165,489	-	4,161	1,419,141	12,234	1,431,375

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

CONSOLIDATED STATEMENT OF CASH FLOW AT DECEMBER 31, 2014 AND 2013

Expressed in thousand of euros

	12/31/14	12/31/13
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	85,548	(2,284)
Adjustment for:		
Amortization of audiovisual property rights (Note 8)	199,220	173,927
Depreciation and amortization charge (Note 6 and 7)	17,268	18,076
Result of companies accounted for using the equity method (Note 10)	(1,898)	70,745
Change in provisions for contingencies and charges	(451)	(14,994)
Net finance expense (Note 23.6)	632	3,111
Net exchange differences (Note 23.7)	(620)	154
Disposals of other assets	1,244	338
Impairment of other financial assets	61,092	94
Profits from operations before changes in working capital	362,035	249,167
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	3,091	1,276
Accounts receivable	(6,200)	(12,931)
Other current assets	(698)	(4,183)
Accounts payable	(32,994)	(20,638)
Other current liabilities	4,750	12,886
Change in provisions	3,852	(15,849)
Cash flows from operating activities	333,836	209,728
Taxes paid at sources	(6,996)	1,976
Net cash flows from operating activities (A)	326,840	211,704

(Continue)

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

(Continued)

Expressed in thousand of euros

	12/31/14	12/31/13
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant, and equipment (Note 6)	(6,534)	(4,355)
Investments in audiovisual property rights	(187,337)	(188,192)
Disposals of audiovisual property rights	2,600	462
Investments in intangible assets (Note 7)	(1,647)	(2,273)
Investments/Disposals of non-current financial assets	(3,834)	(101)
Investments/Disposals in associates	325,000	(492)
Investments in other current and non-current financial assets	(557)	1,313
Dividend received	1,904	2,826
Interest received	1,066	415
Net cash flows from investing activities (B)	**130,661**	**(190,397)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	11,513	3,222
Interest paid	(2,690)	(2,998)
Short term financing	(439)	397
Acquisition of own equity instruments	(307,514)	-
Disposal of own equity instruments	5,257	-
Net cash flows used in financing activities (C)	**(293,873)**	**621**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**163,628**	**21,928**
Net foreign exchange difference	**(620)**	**154**
Net change in cash and cash equivalents	**163,008**	**22,082**
Cash and cash equivalents at beginning of the year (Note 14)	**112,774**	**90,692**
Cash and cash equivalents at end of the year (Note 14)	**275,782**	**112,774**

The accompanying Notes 1 to 27 are an integral part of this consolidated financial statement at December 31, 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014

EXPRESSED IN THOUSAND OF EUROS

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

MEDIASET ESPAÑA COMUNICACIÓN, S.A. - PARENT

Mediaset España Comunicación, S.A. ("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, 2014, operates six different TV channels: Telecinco, Factoría de Ficción, Boing, Cuatro, Divinity and Energy. 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 increased the channels it managed to four.

- Following the acquisition of Sogecuatro, S.A. in 2010, the Company obtained Cuatro's multiplex licenses (Cuatro and three more channels).

- On May 6, 2014, the digital channels La Siete and Nueve ceased broadcasting in compliance with the sentence handed down by the Third Chamber of the Supreme Court, as decided at a Council of Ministers meeting held March 22, 2013.

- 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:

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

- The Company is head of a Group of subsidiaries making up the Mediaset España Comunicación 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	12/31/14	12/31/13
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%	100%

Companies accounted for using the equity method			
	Country	12/31/14	12/31/13
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. (4)	Spain	-	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%	30%
Supersport Televisión, S.L.	Spain	30%	30%
Netsonic, S.L. (1)	Spain	38.04%	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.

(4) Sold to Telefónica de Contenidos S.A.U. on July 4, 2014

Changes in the consolidation scope during the year ended December 31, 2014

- On July 4, 2014, Mediaset España Comunicación S.A. formalized an agreement for the sale of 22% of the share capital in "Distribuidora de Televisión Digital, S.A." (DTS) to Telefónica de Contenidos S.A.U., and collected the entire amount corresponding to the agreed-upon acquisition price.

  "Distribuidora de Televisión Digital, S.A." (DTS) was consolidated using the equity method.

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.

SUBSIDIARIES

Subsidiaries are defined as companies over which the parent has the capacity to exercise effective control. See Note 4.1.

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 Digitel 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.

This company currently has no activity.

Sogecable Media, S.L.U.

Sogecable Media, S.L.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.U.

Premiere Megaplex, S.A.U.'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.

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	2014	2013	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% (*)	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 Fabrica de la Tele, S.L. C/ Angel 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, 5-4ªPlanta 28050 Madrid	30%	30%	Production of news programs, especially those which are sports-related.

(*) Sold to Telefónica de Contenidos S.A.U. on July 4, 2014

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

Company	2014	2013	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.

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

Company	2014	2013	Line of business
Megamedia Televisión, S.L C/ María Tubau, 5-4ªPlanta 28050 Madrid	30%	30%	Creation, development, production, and operation of audiovisual multimedia content.

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

Company	2014	2013	Line of business
Netsonic, S.L Gran Vía de las Corts Catalanes, 630, 4ªPlanta 08007 Barcelona	38.04%	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 2014 were formally prepared:

- By the directors, at the Board of Directors Meeting held on February 25, 2015.
- 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, 2014, 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 2014 and 2013 (IFRS-EU) 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 (IFRS-EU).

The 2014 consolidated financial statements of the Group and the 2014 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, 2014.

In accordance with mercantile legislation, for comparative purposes, figures for both 2014 and 2013 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 2013 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 2014

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, 2013, 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, except for the following:

IFRS 9 - "Financial instruments"

In July of 2014, the IASB published the final version of IFRS 9, "Financial Instruments;" it discusses all the phases of financial instrument projects, and replaced IAS 39 "Financial Instruments: recognition and measurement," as well as all the prior versions of IFRS 9. This standard introduces new requirements for the classification and valuation of financial assets and liabilities, the determination of impairments, and hedge accounting criteria. IFRS 9 indicates what is applicable for the years commencing January 1, 2018, and permits early application. It requires retroactive application, but no modification to comparative information. Adoption of IFRS 9 will affect the classification and measurement of the Group's financial assets, but will have no potential impact on its financial liabilities. The new impairment method will not have any effect, either. With respect to hedge accounting criteria, there will be substantial changes, since the economic hedges in existence until the transition to IFRS 9, which currently may not be recognized as hedge accounting in accordance with IAS 39 may now be recognized in accordance with these new accounting legislations.

IFRS 15 - "Revenue from Contracts with Customers"

It was published in May of 2014, and establishes a new five-step model which are applied to the income from contracts with customers. In accordance with IFRS 15, income is recognized at an amount which reflects the consideration which an entity expects to have the right to receive in exchange for the transfer of goods or services to a customer. The IFRS 15 principles represent a much more structured approach for measuring and recognizing income.

This new standard is applicable to all entities, and will amend all the previous standards for recognizing income. In accordance with IFRS 15, total or partial retroactive application is necessary for the periods commencing January 1, 2017; advance application is permitted. The Group is currently evaluating the impact of IFRS 15, and plans to adopt it on the indicated date.

Amendments to IAS 16 and IAS 38 - "Clarification of acceptable methods of depreciation and amortization"

These amendments clarify that income is reflected as a pattern of profit arising from operating a business (comprising part of its assets), rather than economic profit consumed by using the asset. Therefore, it is not possible to depreciate PP&E items using the depreciation method based on income, and may only be used in certain limited situations to depreciate the intangible assets. The IASB has established that these amendments are prospectively applicable for the periods commencing January 1, 2016, although they may be applied in advance. The Group did not expect there to be any significant impact as a result.

2.3. Responsibility for the information and use of estimates

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

In preparing the Group's consolidated financial statements for 2014, certain estimates and assumptions were made on the basis of the best information available at December 31, 2014 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 present value of 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.

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 4.20. 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, the risk.free interest rate for the life of the option and making assumptions about them.

3. PROPOSED DISTRIBUTION OF THE PROFIT OF THE PARENT

The distribution of the parent's net profit for 2014 that its Board of Directors will propose for approval by the shareholders at the annual general meeting on April 8, 2015 is as follows:

Thousands of euros

Base for distribution	2014
Profit for the year	59,963
Total	**59,963**
Distribution	
Goodwill reserve	14,399
Prior year losses	8,594
Dividend	36,970
Total	**59,963**

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.

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 consolidated financial statements comprise the financial statements of the Group and its subsidiaries at December 31, 2014. Control is obtained when the Group is exposed, or has the rights attached to variable returns arising from its involvement in a subsidiary, and is able to influence them as a result of the exercise of power over the subsidiary. Specifically, the Group has control of a subsidiary if, and only if it has:

- Power over the subsidiary (existing rights allowing it to manage relevant subsidiary activities).
- Exposure, or rights, to variable returns from its involvement with the other company.
- The ability to use its power over the other company to affect the amount of the company's return.

Generally, it is presumed that the majority of voting rights grants control. To support the presumption, when the Group does not have the majority of the voting or other similar rights over the subsidiary, the Group considers all relevant facts and circumstances to evaluate whether it has control, which includes:

- Contractual agreements with other owners with regard to the subsidiary's voting rights.
- Rights arising from other contractual agreements.
- The Group's potential voting rights.

The Group reevaluates wheter or not it has control over a subsidiary if facts and circumstances indicate that there are changes in one or more of the items determining control. Consolidation of a subsidiary commences the moment a Group obtains control over it, and ends when the Group loses control. The assets, liabilities, income, and expenses of a subsidiary which has been acquired or sold during the year are recognized on the consolidated financial statements commencing the date the Group acquires control, or until it loses it.

Profits or losses and each of the items included in the components of comprehensive income are attributed to the owners of the Group's parent's shares, and external partners, even when this implies that the non-controlling shareholders have amounts receivable as a result. When considered necessary, adjustments are made to the subsidiaries' financial statements so that their accounting criteria coincide with those which are applicable to the Group. All of the assets, liabilities, equity, income, expenses, and cash flow arising from transactions between Group companies are totally eliminated during the consolidation process.

A change in the percentage of ownership held in a subsidiary, without loss of control, is recognized as an equity transaction.

When the Group loses control of a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-dominant equity interests, and other equity components, recognizing any profit or loss as results for the year. Any investments in the prior subsidiary are recognized as fair value.

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 are shown with the corresponding plus or minus sign 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:

	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. The cost of intangible assets in a business combination is fair value at the date of the acquisition. 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.

- Concessions, 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)

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 "Amortization of audiovisual property rights" 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 expected pattern of consumption 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 "Outside production 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 expected pattern of consumption 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 "In-house production 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 as well as the amount of non-controlling interest in the acquired party, where applicable. 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 the income statement.

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 the income statement 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 consolidated statements of comprehensive income.

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 item 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: non-derivative 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. After initial measurement such financial assets are carried at amortized cost using the effective interest rate method. 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. Such financial assets are measured at fair value with unrealized gains or losses recognized directly in equity unless fair value cannot be reliably measured, which shall be measured at cost.

- 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 or the cash-generating units may be impaired. If any such indication exists, or when annual impairment testing is required, the Group estimates the asset's or cash-generating units's recoverable amount. An asset's or cash-generating unit'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 or cash-generating unit. 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 or cash-generating unit 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, 2014, 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. The following criteria are applied when calculating the impairment of specific assets:

- **Assets carried at amortized cost**

If there is objective evidence that an impairment loss on loans and receivables 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 that the Group will not be able to collect all of the amounts due under the original terms of the invoice. 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 the income statement, is transferred from equity to the separate income statement. Reversals related to equity instruments classified as available for sale, are not recognized on the separate income statement. 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. Non-current assets held for sale

This includes assets whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, and meeting the following requirements:

- When they are immediately available for sale in their present condition, subject to the normal terms of sale; and
- When it is highly probable that they will be sold.

Non-current assets held-for-sale are measured at the lower of carrying amount and fair value less costs to sell.

Immediately prior to its classification as held for sale, the asset's carrying amount is valued in accordance with applicable IFRS standards.

4.13. Inventories

The cost of producing in-house productions is determined taking into account all the costs allocable to the product incurred by the Group. The cost of inventories acquired in a business combination is measured at fair value at the date of the acquisition. Advances paid for programs are also included.

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

4.14. Cash and cash equivalents

Cash and cash equivalents comprise cash, current accounts and short-term deposits maturing at three months or less.

4.15. Grants

The amounts received from official bodies are recognized when they are received, accepting the inherent conditions therein.

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.

4.16. 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.

4.17. 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.

4.18. Derivative financial instruments

The Group uses financial derivatives to manage some its exchange 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 the separate income statement. 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 financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the 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 the separate income statement.

The Group's financial derivatives at December 31, 2014 and 2013 were classified as held for trading, with gains or losses recognized in the consolidated separate income statement.

4.19. Derecognition of financial assets and liabilities

4.19.1 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, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the asset 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.

4.19.2 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.

4.20. Provisions

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 determined by discounting expected future cash outflows based on market interest rates. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

4.21. 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 statement of changes in 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 the statement of comprehensive income are charged or credited directly to the statement of comprehensive income. 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 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 tax asset 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 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 tax asset to be utilized. The Group also reviews unrecognized deferred 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 tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

4.22. Revenue and expense recognition

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

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.

4.23. Equity-settled transactions

The Company maintains share option plans related to the compensation system for executive directors and board members that are settled when they are exercised 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.

4.24. 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.

4.25. 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.

4.26. 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.

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, 2014 and 2013 is as follows:

Thousands of euros

	Balance at 12/31/12	Additions	Disposals	Transfers	Balance at 12/31/13	Additions	Disposals	Transfers	Balance at 12/31/14
COST									
Land and natural resources	14,970	-	-	-	14,970	-	-	-	14,970
Buildings and other structures	37,551	88	-	147	37,786	76	-	125	37,987
Machinery, plants, and tools	96,537	1,835	(1,236)	913	98,049	2,404	(3,771)	1,114	97,796
Furniture and fixture	5,064	301	(182)	-	5,183	137	(208)	-	5,112
Computer hardware	15,622	744	(1,153)	224	15,437	902	(570)	274	16,043
Other items of property, plant, and equipment	603	27	(80)	-	550	19	(33)	-	536
Property, plant, and equipment in the course of construction	903	1,360	-	(1,284)	979	2,996	-	(1,513)	2,462
Total cost	171,250	4,355	(2,651)	-	172,954	6,534	(4,582)	-	174,906
ACCUMULATED AMORTIZATION									
Buildings and other structures	(21,543)	(1,516)	-	-	(23,059)	(1,524)	-	-	(24,583)
Machinery, plants, and tools	(80,419)	(4,354)	1,226	-	(83,547)	(4,121)	3,758	-	(83,910)
Furniture and fixtures	(3,494)	(309)	178	-	(3,625)	(303)	205	-	(3,723)
Computer hardware	(12,070)	(1,596)	1,109	-	(12,557)	(1,590)	567	-	(13,580)
Other items of property, plant, and equipment	(531)	(34)	78	-	(487)	31	31	-	(487)
Total accumulated amortization	(118,057)	(7,809)	2,591	-	(123,275)	(7,563)	4,561	-	(126,277)
CARRYING AMOUNT	53,193	(3,454)	(60)	-	49,679	(1,029)	(21)	-	48,629

Additions in 2014 and 2013 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 finished in 2013.

Disposals in 2014 and 2013 relate mainly to the retirement and/or sale of fully depreciated items or that are no longer in use. Should they not be fully-depreciated, losses are recognized under "Procurements".

The breakdown of the fully depreciated property, plant, and equipment in use at December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Computer hardware	9,333	8,924
Technical machinery, fixtures, and tools	70,043	71,833
Furniture	2,154	2,130
Other items of property, plant, and equipment	430	422
	81,960	**83,309**

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, 2014 or at December 31, 2013.

The impact of depreciating property, plant and equipment recognized as in-house production rights was 1,006 thousand euros in 2014 and 250 thousand euros in 2013.

7. INTANGIBLE ASSETS

The breakdown of the balances of "Intangible assets" and of the changes therein in the years ended December 31, 2014 and 2013 is as follows:

Thousands of euros

	Balance at 12/31/12	Additions	Disposals and others	Transfers	Balance at 12/31/13	Additions	Disposals and others	Transfers	Balance at 12/31/14
COST									
Development expenditure	902	647	-	(990)	559	61	-	(620)	-
Concessions, patents, and trademarks	259,215	58	(30)	-	259,243	10	-	-	259,253
Computer software	26,713	705	(2,423)	2,303	27,298	1,323	(253)	891	29,259
Computer software in progress	641	863	-	(1,313)	191	253	-	(271)	173
Total cost	287,471	2,273	(2,453)	-	287,291	1,647	(253)	-	288,685
ACCUMULATED AMORTIZATION									
Concessions, patents, and trademarks	(29,658)	(8,068)	-	-	(37,726)	(8,071)	-	-	(45,797)
Computer software	(23,164)	(2,447)	2,453	-	(23,188)	(2,640)	253	-	(25,575)
Total accumulated amortization	(52,822)	(10,515)	2,453	-	(60,914)	(10,711)	253	-	(71,372)
CARRYING AMOUNT	234,650	(8,242)	(30)	-	226,377	(9,064)	-	-	217,313

The breakdown of fully amortized intangible assets in use at December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Computer software	21,881	19,033
Concessions, patents, and trademarks	13,843	13,843
Total	**35,724**	**32,876**

8. AUDIOVISUAL PROPERTY RIGHTS

The breakdown of the balances of "Audiovisual property rights" and of the changes therein in the years ended December 31, 2014 and 2013 is as follows:

Thousands of euros

	Balance at 12/31/12	Additions	Disposals	Transfers and others	Balance at 12/31/13	Additions	Disposals	Transfers and others	Balance at 12/31/14
COST									
Outside production rights	452,169	120,821	(155,324)	2,415	420,081	117,141	(119,304)	3,113	421,031
Master copies	7	-	-	-	7	-	-	-	7
Dubbing	10,930	3,114	(712)	-	13,332	2,675	(2,279)	-	13,728
Co-production rights	168,623	157	(232)	298	168,846	(566)	-	719	168,999
In-house production rights	1,225,431	35,431	-	5,121	1,265,983	51,975	(2,600)	10,111	1,325,469
Distribution rights	12,269	(777)	-	4,131	15,623	1,816	-	3,055	20,494
Other ancillary work	751	(2)	-	-	749	-	-	-	749
Rights, options, script development	1,403	84	(221)	(185)	1,081	673	(217)	(993)	544
Start-up costs	158	-	-	-	158	-	-	-	158
Advances	2,954	20,248	(9)	(11,780)	11,413	21,423	-	(16,005)	16,831
Total cost	1,874,695	179,076	(156,498)	-	1,897,273	195,137	(124,400)	-	1,968,010
ACCUMULATED AMORTIZATION									
Outside production rights	(262,987)	(127,595)	155,324	-	(235,258)	(123,210)	119,304	-	(239,164)
Master copies	(7)	-	-	-	(7)	-	-	-	(7)
Dubbing	(9,425)	(2,778)	712	-	(11,491)	(2,232)	2,279	-	(11,444)
Co-production rights	(151,623)	(9,346)	-	-	(160,969)	(3,934)	-	-	(164,903)
In-house production rights	(1,195,189)	(40,675)	-	-	(1,235,864)	(64,496)	-	-	(1,300,360)
Distribution rights	(11,621)	-	-	-	(11,621)	(7,315)	-	-	(18,936)
Other ancillary work	(748)	-	-	-	(748)	-	-	-	(748)
Start-up costs	(153)	-	-	-	(153)	-	-	-	(153)
Total accumulated amortization	**(1,631,753)**	**(180,394)**	**156,036**	**-**	**(1,656,111)**	**(201,187)**	**121,583**	**-**	**(1,735,715)**
Provisions	(12,089)	(5,260)	11,726	-	(5,623)	(3,137)	5,103	-	(3,657)
CARRYING AMOUNT	230,853	(6,578)	11,264	-	235,539	(9,187)	2,286	-	228,638

Of the total amount recognized under "Non-current assets - Audiovisual property rights" in the consolidated statement of financial position at December 31, 2014, the Group estimates that their consumption over the upcoming year will be approximately 70%, a similar figure recognized during the same period the year before.

Provisions at the end of 2014 relate to the net carrying amount of rights which, although they expire after December 31, 2014, 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 channels 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, 2014 and 2013 amounted to 3,137 thousand euros and 5,260 thousand euros, respectively.

At December 31, 2014, there were firm commitments to acquire audiovisual property rights commencing on or after January 1, 2015 for a total amount of $24,276 thousand and 150,850 thousand euros. The commitments at year end 2013 amounted to $21,607 thousand and 182,713 thousand euros, respectively.

Advances were paid in respect of these firm audiovisual purchase commitments, which at December 31, 2014, totaled 1,996 thousand euros. Advances paid in 2013 amounted to 2,106 thousand euros and $352 thousand, respectively.

At the statement of financial position date there were commitments to purchase co-production rights, available from January 1, 2015, for a total amount of 39,850 thousand euros. The commitments at year end 2013 amounted to 28,340 thousand euros.

At December 31, 2014, advances of 10,420 thousand euros had been paid in connection with these firm commitments to purchase co-production rights. Advances paid in 2013 amounted to 1,176 thousand euros.

The Group had firm commitments to purchase distribution rights commencing on or after January 1, 2015 for a total amount of 13,265 thousand euros. At December 31, 2013, firm commitments to purchase distribution rights amounted to 3,500 thousand euros.

Advances of 3,786 thousand euros had been paid in connection with firm distribution right purchase commitments at December 31, 2014. Advances paid in 2013 amounted to 2,925 thousand euros.

Advances were also paid for fiction-based series amounting to 629 thousand euros at December 31, 2014 (5,025 thousand euros at December 31, 2013).

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 considering historical 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.

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 four years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2% (the same rate used the year before). 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. In this regard, the discount rate is between 8-9%, representing a drop of approximately one point with respect to the rate used the prior year (9.57%), and is explained by an improvement in the financing conditions generated during the year.

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 likely change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

10. EQUITY METHOD INVESTMENTS

The amounts and changes in 2014 and 2013 in the items composing "Equity method investments" are as follows:

Thousands of euros

Equity method investment	
Balance at December 31, 2012	**467,943**
Increases / decreases	491
Share in profit (loss) of associates	(70,745)
Dividends received	(2,826)
Balance at December 31, 2013	**394,863**
Increases / decreases	(385,000)
Share in profit (loss) of associates	1,898
Dividends received	(1,904)
Other movements	44
Balance at December 31, 2014	**9,901**

2014 dividends corresponds to La Fábrica de la Tele, Producciones Mandarina, Megamedia Televisión and Supersport Televisión subsidiaries.

2013 dividends corresponded to La Fábrica de la Tele subsidiary, and share in profit (loss) of associates included the results of the DTS Distribuidora de Televisión Digital, S.A. impairment test

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

Thousands of euros

Company	Investments accounted for using the equity method		Results of companies accounted for using the equity method	
	2014	2013	2014	2013
Pegaso Television, Inc.	2,500	3,046	(547)	(493)
Producciones Mandarina, S.L.	2,460	2,153	833	751
La Fábrica de la Tele, S.L.	2,568	2,451	1,318	1,715
BigBang Media, S.L.	720	836	(127)	105
DTS Distribuidora de Tv Digital, S.A. (*) (**)	-	385,000	-	(72,829)
60 DB Entertainment	447	439	4	(6)
Editora Digital de Medios	67	293	(226)	(140)
Megamedia Televisión, S.L.	191	67	156	46
Supersport Televisión, S.L.	830	230	746	209
Netsonic, S.L.	118	348	(259)	(103)
Total	**9,901**	**394,863**	**1,898**	**(70,745)**

(*) Audited by Deloitte, S.L.
(**) Sold to Telefónica de Contenidos, S.A.U. on July 4, 2014

a) Key financial highlights of companies accounted for using the equity method in 2014 and 2013:

Thousands of euros

2014	Assets	Equity	Liabilities	Income	Outcome
Pegaso Televisión, Inc. (1)	22,913	5,722	17,191	8,218	(1,249)
BigBang Media, S.L.	2,492	2,401	91	7,754	(423)
Producciones Mandarina, S.L.	10,817	8,201	2,616	18,720	2,777
La Fábrica de la Tele, S.L.	16,533	8,559	7,974	27,225	4,392
60 DB Entertainment, S.L (1)	380	329	51	1,276	13
Editora Digital de Medios, S.L. (1)	616	410	206	207	(176)
Megamedia Televisión, S.L.	1,494	636	858	4,283	520
Supersport Televisión, S.L.	6,509	2,766	3,743	22,125	2,487
Netsonic, S.L. (1)	989	(422)	1,411	533	(681)

(1) Unaudited

Thousands of euros

2013	Assets	Equity	Liabilities	Income	Outcome
Pegaso Televisión, Inc. (1)	Data not available	Data not available	Data not available	Data not available	(1,128)
BigBang Media S.L.	3,683	2,824	859	4,664	349
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

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

a) Sale of DTS, Distribuidora de TV Digital, S.A.

On July 4, 2014, Mediaset España Comunicación, S.A., signed an agreement with Telefónica de Contenidos, S.A.U. (Telefónica) for the sale of 22% of the share capital in DTS Distribuidora de TV Digital, S.A., for 295 million euros, plus a compensation for renouncing its pre-emptive subscription right totaling 30 million euros. This percentage corresponds to the entirety of the Group's investment in the payment platform.

In addition, and although this amount was not included in the value of the asset due to its character as a contingent consideration, in the abovementioned purchase-sale agreement Telefónica de Contenidos S.A.U. committed to pay Mediaset España Comunicación, S.A. the additional price of 10 million euros, when the acquisition of the PRISA'S package of shares in DTS takes place, as well as an additional amount resulting from a potential increase in the number of subscriber to the combined platform controlled by Telefónica during a period of four years when effective control over DTS takes place. The total amount of this consideration may not surpass 30 million euros.

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.

11. OTHER NON-CURRENT FINANCIAL ASSETS

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

Thousands of euros

	12/31/2014	12/31/2013
Long term deposits	236	217
Loans to related companies (Note 25.1)	4,585	3,200
Other financial assets	365	-
Other	1,163	1,163
Total (Note 22.2)	**6,349**	**4,580**

Loans to related companies

"Loans to related companies" includes loans granted to Pegaso Televisión, Inc and Netsonic, S.L.

12. OTHER CURRENT ASSETS

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

Thousands of euros

	12/31/2014	12/31/2013
Prepaid expenses	12,787	11,906
Advance commissions	31	25
Total	**12,818**	**11,931**

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

13. NON-CURRENT ASSETS HELD FOR SALE

This includes a minority financial investment for which there was a plan to sell at year end 2014, which has subsequently been sold.

14. CASH AND CASH EQUIVALENTS

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

Thousands of euros

	12/31/2014	12/31/2013
Cash	145,779	112,774
Short-term deposits	130,003	-
Total	**275,782**	**112,774**

No restrictions to the availability of balances exist.

"Short-term deposits" includes a simple repo transaction (Treasury bills) totaling 130,000 thousand euros contracted on December 31, 2014, at an interest rate of 0.40% which matures on January 2, 2015. At year end, interest amounting to 3 thousand euros was accrued.

15. EQUITY

15.1. Share capital

At December 31, 2014 and 2013, 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:

	2014	2013
Owner	% Interest	% Interest
Mediaset, S.p.A.	41.55	41.55
Prisa Group	3.66	17.34
Market	45.13	39.74
Treasury shares	9.66	1.37
Total	**100.0**	**100.0**

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 31.

15.2. 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 43,197 thousand euros equal to the amount of goodwill (2013: 28,798 thousand euros).

15.3. 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.

On July 29, 2014, a total of 34,583,221 treasury shares were acquired (8.5% share capital) as part of a repurchasing plan aimed at remunerating shareholders once the investment in DTS Distribuidora de Televisión Digital, S.A. was sold.

At December 31, 2014 the Company held 39,284,862 treasury shares valued at cost at 371,373 thousand euros (2013: 5,563,223 shares at 73,445 thousand euros, respectively).

The changes in "Treasury shares" in 2014 and 2013 were as follows:

Thousands of euros

	2014		2013	
	Number of shares	Amount (*)	Number of shares	Amount (*)
At beginning of year	**5,563,223**	**73,445**	**6,419,259**	**84,746**
Increase	34,583,221	307,514	-	-
Decrease	(861,582)	(9,586)	(856,036)	(11,301)
At year end	**39,284,862**	**371.373**	**5,563,223**	**73,445**

(*) Amounts in thousands of euros

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

At December 31, 2014, the Company shares held by it and by its subsidiaries represented 9.66% of the share capital (2013: 1.37%).

15.4. Non-controlling interests

The breakdown, by company, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014			2013		
	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.	8,303	(3,930)	(3,930)	12,234	(264)	(264)
Total	**8,303**	**(3,930)**	**(3,930)**	**12,234**	**(264)**	**(264)**

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

16. NON-CURRENT PROVISIONS AND CONTINGENTIES

Non-current provisions

These include provisions made in 2014 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, 2014 and 2013 were as follows:

Thousands of euros

2014	Balance at 12/31/13	Charge for the year	Amount used	Amounts reversed	Transfer	Balance at 12/31/14
Provision for contingencies and charges	10,378	1,714	(595)	(1,819)	-	9,678

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

At December 31, 2014 and 2013, 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.

The Company's directors and legal advisors have evaluated related risks, and where such risks are considered probable and their economic effects quantifiable, they have made the appropriate provisions. When risks are only considered to be possible, no provisions are recognized, and are described below.

Contingencies

LICENSES FOR PROVIDING AUDIOVISUAL COMMUNICATION SERVICES

There are currently three appeals filed before the Third Chamber of the Supreme Court against agreements signed in 2010 for renewing the concessions for providing national public television service concessions, and against the Council of Ministers resolutions dated May 28 and June 11 for the transformation of the concessions into licenses for providing audiovisual communication services. Success for these appeals would mean that another eight digital terrestrial channels would cease broadcasting, including four belonging to Mediaset.

The Company's directors consider that the appeals will not be successful, and that its current channels will continue on the air; therefore, it consider it unnecessary to make any adjustments or modify these financial statements.

The government may call a public tender for the assignment of radio electric space available when the other channels were shut down by the Supreme Court ruling handed down on December 18, 2013.

PROCEDURES RELATIVE TO THE LATE PRESENTATION OF THE ACTION PLAN

On August 2, 2011, the Comisión Nacional de la Competencia current Comisión Nacional de los Mercados y la Competencia (CNMC) 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 thousand 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 CNMC's resolution are as follows:

- The alleged Action Plan infraction did not take place: it was presented within the CNMC'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 CNMC (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 thousand euros 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 CNMC only chose to initiate disciplinary proceedings against MEDIASET ESPAÑA once it had decided to appeal the CNMC-approved Action Plan, and not when the alleged violation took place.

Thus, the accompanying consolidated statement of financial position 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'S SUPPOSED FAILURE TO COMPLY WITH THE TELECINCO-CUATRO MERGER COMMITMENTS

On February 6, 2013, the Comisión Nacional de la Competencia current Comisión Nacional de los Mercados y la Competencia (CNMC) 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 thousand euros 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 CNMC regarding these commitments.

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 subsequently met unilaterally by the CNMC by an Action Plan imposed on the Company, with an interpretation of the commitments which was strict to the point that it substantially modified its content, affecting both advertising as well as content acquisition. For example, the "interpretation" considered that the duration of contracts for acquiring content should be calculated commencing on their signing date, rather than when the rights commenced.

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

- Regarding the commitment (ii) facts prove that Mediaset España did not commit the alleged infraction: 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 Publiespaña 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 is untrue.

- With respect to commitment (xii), Mediaset España waived all the pertinent option rights included in contracts with producers.

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 statement of financial position does not include a provision for this contingency, as the directors and legal advisors do not consider it likely that this risk will arise.

MADRID COURT OF FIRST INSTANCE 6: 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 did not comply 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 filed an appeal against the sentence, arguing the following:

- 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.
- 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 have been 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, at year end 2013 we considered it probable that the Appellate Court would overturn the sentence in question. However, considering how events have transpired until now, the Company has decided to make a provision for a portion of the fine imposed under the first sentence, in accordance with standards for the recognition of provisions and contingencies described under Note 4.20 of these financial statements.

As explained in Note 19.2, the Group is open to inspection of certain tax returns, but its 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.

17. NON-CURRENT RELATED PARTY BORROWINGS

This includes a loan granted by Mediaset Investment, S.R.L.A. to Mediacinco Cartera, S.L., which matures on December 31, 2016, at a three-month Euribor rate plus 2.40% (Note 25.1).

18. CURRENT PROVISIONS

The breakdown of "Current provisions" is as follows:

Thousands of euros

	Balance at 12/31/13	Additions	Applications	Reversions	Balance at 12/31/14
Provisions for sales volume rebates	34,574	31,093	(34,196)	-	31,471
Provision for outstanding litigation	-	6,955	-	-	6,955
	34,574	**38,048**	**(34,196)**	**-**	**38,426**

Thousands of euros

	Balance at 12/31/12	Additions	Applications	Reversions	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**

Provisions for outstanding litigation - read in conjunction with Note 16.

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 (Note 4.21).

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

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 Taxpayers had performed its verifications and investigations in 2010, the Group has the following items and years open to inspection:

Item(s)	Years
Income Tax	2010 a 2014
Value added tax	2011 a 2014
Withholdings, non-resident income tax	2011 a 2014
Gaming tax	2012 a 2014
Annual transaction statement	2010 a 2014
Consolidated statement of intra-regional delivery and acquisition of assets	2011 a 2014

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.

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:

Thousands of euros

	Balance at 12/31/14	Balance at 12/31/13
Deferred tax liabilities	**10,033**	**9,884**
Value added tax liability	16,729	9,522
Personal income tax withholdings	3,315	3,192
Payable to Social Security	1,559	1,517
Other public entities	8,177	10,816
Payable to tax authorities	**29,780**	**25,047**

	Balance at 12/31/14	Balance at 12/31/13
Deferred tax assets	**164,783**	**186,290**
Income tax receivable	**12,459**	**19,643**
Value added tax receivable	7,652	487
Other tax receivables	7	2
Receivable from tax authorities	**7,659**	**489**

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, 2014, the outstanding balance is 7,592 thousand euros (2013: 3,732 thousand euros).

19.4. Income tax

The detail of the calculation of the income tax expense/(income) is as follows:

Thousands of euros

	2014	2013
Consolidated separate income statement		
Current income tax		
Current income tax expense	50,121	101,182
Deferred tax liabilities		
Relating to increases and decreases in temporary differences	(20,135)	(107,363)
	29,986	(6,181)

Thousands of euros

	2014	2013
Consolidated statement of comprehensive income		
Deferred taxes related to items recognized directly as other comprehensive income		
Net gain (loss) on disposal of assets arising from non-current assets held for sale	(1,630)	-
Tax rate adjustment	109	-
Deferred taxes charged directly as other comprehensive income	(1,521)	-

Thousands of euros

	2014	2013
Consolidated profit before tax	85,548	(2,284)
Tax rate	25,664	(685)
Permanent differences	(338)	876
Tax credits and rebates	(4,949)	(6,372)
Tax rate adjustment	14,372	-
Utilization of unused tax losses Thousands of euros	(4,907)	-
Other	144	-
	29,986	**(6,181)**

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

Thousands of euros

	2014		2013	
	P&L	Equity	P&L	Equity
Consolidated profit before tax:	85,548	5,432	(2,284)	-
Permanent differences	(905)	-	2,920	-
Temporary differences	(19,210)	(5,432)	(358,936)	-
Taxable income	65,433	-	(358,300)	-

Income tax payable was calculated as follows:

Thousands of euros

2014	
Taxable income	65,433
Tax payable (30%)	19,630
Utilization of unused tax losses	(4,907)
Deductions and rebates	(4,949)
Withholdings	(12,328)
Total income tax refund	**(2,554)**

Thousands of euros

2013	
Taxable income	(358,300)
Tax payable (30%)	(107,490)
Activation of tax losses	93,840
Deductions and rebates	-
Withholdings	(9,905)
Total income tax refund	**(9,905)**

Refundable Income tax is as follows:

Thousands of euros

	2014	2013
Corporate income tax refundable, 2012	-	9,738
Corporate income tax refundable, 2013	9,905	9,905
Corporate income tax refundable, 2014	2,554	-
Total	**12,459**	**19,643**

19.5. Deferred taxes

Corporation tax Law 27/2014, of November 27, modified the general tax rate from the current 30% to 28% in 2015, and 25% for subsequent years. As a result, the Company adjusted the deferred tax assets and liabilities from prior years based on the prevailing rate at the estimated reversal date. The effect of this adjustment represented a net charge in corporation tax expense of 14,372 thousand euros.

Thousands of euros

2014	Balance at 12/31/13	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/14
		Increases	Decreases		
Deferred tax assets					
Provision for litigation	571	63	-	-	634
Depreciation deductibility limit	15,121	11,865	-	-	26,986
Loss - investees	25,112	-	(19,929)	-	5,183
Other concepts	3,354	20	(1,089)	-	2,285
Unused tax deductions	46,490	7,444	-	-	53,934
Loss carryforwards	95,641	-	(19,881)	-	75,760
Total deferred tax assets	**186,290**	**19,392**	**(40,899)**	**-**	**164,783**

2013	Balance at 12/31/12	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/13
		Increases	Decreases		
Deferred tax assets:					
Provision for litigation	481	90	-	-	571
Depreciation deductibility limit	-	15,121	-	-	15,121

(Continue)

(Continued)

2013	Balance at 12/31/12	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/13
		Increases	Decreases		
Loss - 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

Thousands of euros

2014	Balance at 12/31/12	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/13
		Increases	Decreases		
Deferred tax liabilities					
Other items	7,092	111	-	-	7,203
Available-for-sale financial assets	-	-	-	1,521	1,521
Intangible assets	2,792	-	(1,483)	-	1,309
Total deferred tax liabilities	**9,884**	**111**	**(1,483)**	**1,521**	**10,033**

2013	Balance at 12/31/11	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/13
		Increases	Decreases		
Deferred tax liabilities					
Other items	4,187	2,905	-	-	7,092
Intangible assets	2,420	372	-	-	2,792
Total deferred tax liabilities	6,607	3,277	-	-	9,884

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

	2014	2013
Deductions pending 2010	-	2,024
Deductions pending 2011	14,355	15,626
Deductions pending 2012	21,518	21,518
Deductions pending 2013	7,322	7,322
Deductions pending 2014	10,739	-
	53,934	**46,490**

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, 2014 and December 31, 2013, is as follows:

Thousands of euros

Nature of guarantee	12/31/14	12/31/13
Guarantees provided		
Surety bonds for contracts, concessions, and tenders	8,339	32,483
Guarantees deposited with the tax authorities	9,029	9,029
Payments into court	39,015	19,723
	56,383	**61,235**
Guarantees received	19,648	25,121

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 CNMC 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 Company submitted two guarantees amounting to 14,904 and 4,471 thousand euros, respectively to Madrid Mercantile Court #6, in compliance with the clarification and amendment ruling handed down by Provisional Enforcement Procedure # 360/2014 on September 2, 2014 (Note 16).

The Group has deposited 8,339 thousand euros in guarantees required for its commercial activity in 2014 (2013: 32,483 thousand euros).

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, 2014 and December 31, 2013 is shown in the preceding table.

21. SHARE-BASED PAYMENT PLAN

At December 31, 2014, as described below, the Group has two 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:

	2009 Plan	2010 Plan	2011 Plan
Strike	5.21	7.00	5.83
Yield on the share (dividend yield)	5.0%	5.5%	5.5%
Volatility	30%	50%	37%

There were no new share option plans in 2014 and 2013.

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. No expense was recognized for share options in 2014 (2013: 139 thousand euros) (Note 23.2).

These share-based payment schemes in 2014 are shown in the following table:

	Number of options	Strike price	Assignment date	From	To
Options granted	319,163	5.21	2009	07/29/2012	07/28/2014
Options canceled	(9,000)	5.21	2009		
Options exercised	(310,163)	5.21	2009		
2009 Plan	-				
Options granted	1,297,650	7.00	2010	07/28/2013	07/27/2015
Options canceled	(93,000)	7.00	2010		
Options exercised	(646,150)	7.00	2010		
2010 Plan	558,500				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(57,000)	5.83	2011		
Options exercised	(171,775)				
2011 Plan	444,450				
Total outstanding plans	1,002,950				

The schemes for 2013 were 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		
Options exercised	(545,325)	7.13	2008		
2008 Plan	-				
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		
2009 Plan	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		
2010 Plan	1,044,400				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(57,000)	5.83	2011		
2011 Plan	(616,225)				
Total outstanding plans	**1,824,575**				

The Group has treasury shares 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, 2014 and 2013 is as follows:

Derivative financial assets

2014	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	16,096	21,026	1.2141	1,193
Sales of dollars in euros	-	-	-	-
Net	**16,096**	**21,026**		**1,193**

At year-end 2013, derivative financial instruments were recognized under "Financial liabilities."

Derivative financial liabilities

2014	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	-	-	-	-
Sales of dollars in euros	307	393	1.2141	(16)
Net	**307**	**393**		**(16)**

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 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		Loans, derivatives and other financial assets		Total	
	2014	2013	2014	2013	2014	2013
Non-current financial assets						
Assets at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	-	-	5,984	4,580	5,984	4,580
Available-for-sale financial assets						
Measured at fair value	365	-	-	-	365	-
Measured at cost	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
TOTAL	365	-	5,984	4,580	6,349	4,580

	Equity instruments		Loans, derivatives and other financial assets		Total	
Current financial assets						
Assets at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	-	-	203,995	200,383	203,995	200,383
Available-for-sale financial assets						
Measured at fair value	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-
Assets held for sale	7,933	-	-	-	7,933	-
Derivatives	-	-	1,193	-	1,193	-
TOTAL	7,933	-	205,188	200,383	213,121	200,383
TOTAL	8,298	-	211,172	204,963	219,470	204,963

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

Thousands of euros

	2014	2013
Non-current financial assets (Note 11)	6,349	4,580
Non-current assets held for sale (Note 13)	7,933	-
Accounts receivable	203,879	199,631
Other current financial assets	1,309	752
	219,470	**204,963**

"Accounts receivable" includes trade receivables less provisions for uncollectible receivables, which amounted to a gross 219,684 thousand euros in 2014 (2013: 212,542 thousand euros).

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

Thousands of euros

2014	Balance	Maturity			
		Under 3 months or past due	6 months	12 months	18 month
Trade receivables	201,718	198,254	3,346	94	24
Other debtors	11	11	-	-	-
Other financial current assets	1,309	1,309			-
TOTAL	**203,038**	**199,574**	**3,346**	**94**	**24**

2013	Balance	Maturity			
		Less than 3 months or due dated	6 months	12 months	18 month
Trade receivables	196,352	194,441	1,379	532	-
Other debtors	176	176	-	-	-
Other financial current assets	752	694	58	-	-
TOTAL	**197,280**	**195,311**	**1,437**	**532**	**-**

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

Thousands of euros

	Bank borrowings		Payables, derivatives and other financial assets		Total	
	2014	2013	2014	2013	2014	2013
Non-current financial liabilities						
Trade and other payables	-	-	11,549	185	11,549	185
Liabilities at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Others					-	-
Derivatives	-	-	-	-	-	-
TOTAL	**-**	**-**	**11,549**	**185**	**11,549**	**185**
Current financial liabilities						
Trade and other payables	239	678	196,492	215,727	196,731	216,405
Liabilities at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Others	-	-	-	-	-	-
Derivatives	-	-	16	777	16	777
TOTAL	**239**	**678**	**196,508**	**216,504**	**196,747**	**217,182**
	239	678	208,057	216,689	208,296	217,367

In 2014, existing credit facilities were renewed and extended up to a total of 360,000 thousand euros. These bear interest at EURIBOR plus a market spread in line with Company solvency. At the end of 2014, no amounts had been drawn down on the existing credit lines, which is a great boost to the availability of cash at that date.

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

At year-end 2013, the Company had credit facilities amounting to 360,000 thousand euros; no amounts had been drawn down.

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

Thousands of euros

	2013	2013
Non-current related party borrowings (Note 17)	11,144	-
Other non-current liabilities	405	185
Payable to related parties (Note 25.1)	18,243	43,068
Accounts payable for purchases and services	93,883	102,052
Accounts payable for audiovisual rights	67,549	59,749
Bank borrowings	239	678
Payables for non-current asset acquisitions	4,027	1,200
Remuneration payable	9,281	10,346
Other borrowings	3,526	89
	208,296	**217,367**

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at December 31, 2014 and 2013.

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

Thousands of euros

2014	Balance	Maturities		
		3 months	6 months	12 months
Payable for purchases or rendering of goods or services	93,883	89,258	4,625	-
Payables for purchases of audiovisual rights	67,549	65,027	2,522	-
Bank borrowings	239	237	-	2
Payables for acquisition of assets	4,027	3,880	147	-
Total	**165,698**	**158,402**	**7,294**	**2**

2013	Balance	Maturities		
		3 months	6 months	12 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**

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

Information on the average payment period to suppliers

The average payment period was 77 days (2013: 81 days).

The excess average payment period was due to incidences arising during the management of invoices.

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.

22.4.1. 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, 2014 and December 31, 2013 is as follows:

	Thousands of euros	
	2014	2013
Non-current receivables	6,349	4,580
Trade and other receivables	221,899	216,722
Trade receivables from related parties	2,098	3,041
Current financial assets	1,309	752
Cash and cash equivalents	275,782	112,774
	507,437	337,869

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. 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.

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 2014, the opening credit lines total 360 million euros (2013: total 360 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 (exchange rate, interest rate, and price 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, 2014, as the benchmark, we applied a variation of +100 basis points -50 basis points (+100 basis points – 10 basis points in 2013).

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
12/31/14	0.018%	265,709	48	0.518%	1,316	-0.082%	(218)
12/31/13	0.221%	93,477	207	1.221%	1,141	0.121%	113

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 (2014: 8.910% and 2013: 8.365%), 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 derivative assets in foreign currencies:

31/12/2014			31/12/2013		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
21,026	1.2141	1,193	-	-	-
Sensibility analysis					
21,026	1.1059	2,880	-	-	-
21,026	1.3223	10	-	-	-

Analysis of derivative liabilities in foreign currencies:

31/12/2014			31/12/2013		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
393	1.2141	(16)	31,312	1.3791	(777)
Sensibility analysis					
393	1.1059	(48)	31,312	1.2637	1,293
393	1.3223	10	31,312	1.4945	(2,528)

Analysis of accounts payables to suppliers in foreign currency:

31/12/2014			31/12/2013		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
25,136	1.2141	(1,391)	36,168	1.3791	889
Sensibility analysis					
25,136	1.1059	(3,417)	36,168	1.2637	(1,505)
25,136	1.3223	303	36,168	1.4945	2,914

Analysis of accounts receivables in foreign currency:

31/12/2014			31/12/2013		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
393	1.2141	15	-	-	-
Sensibility analysis					
393	1.1059	47	-	-	-
393	1.3223	(11)	-	-	-

23. INCOME AND EXPENSES

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

Thousands of euros

Activity	2014	2013
Advertising revenue	858,106	768,297
Revenue from the rendering of services	53,011	40,715
Other	8,283	9,813
Total	**919,400**	**818,825**

23.2. The breakdown of "Staff costs" in 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Wages and salaries	89,756	86,689
Accrued share-based payment costs (Note 21)	-	139
Social security costs	15,806	15,513
Employee benefit costs	624	2,509
Total	**106,186**	**104,850**

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

	2014			2013		
	Men	Women	Total	Men	Women	Total
Managers	76	37	113	79	38	117
Supervisors	37	42	79	36	43	79
Journalists	53	89	142	61	92	153
Other line personnel	443	460	903	455	465	920
Other	20	3	23	21	2	23
Employees under contracts for project work or services	8	6	14	9	7	16
Total employees	**637**	**637**	**1,274**	**661**	**647**	**1,308**

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

	2014			2013		
	Men	Women	Total	Men	Women	Total
Managers	74	37	111	77	37	114
Supervisors	37	44	81	36	42	78
Journalists	52	88	140	54	86	140
Other line personnel	440	447	887	452	467	919
Other	20	3	23	20	3	23
Employees under contracts for project work or services	13	5	18	12	6	18
Total employees	**636**	**624**	**1,260**	**651**	**641**	**1,292**

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:

Thousands of euros

	2014	2013
Charge for the year	3,309	754
Amounts used	(1,459)	(1,809)
Total	**1,850**	**(1,055)**

23.4. The breakdown of "Other expenses" in 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
External services	178,018	171,069
Taxes	25,447	23,332
Other expenses	52	738
Overprovisions	(4,639)	(5,939)
Total	**198,878**	**189,200**

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 2014, conducted by Ernst & Young, S.L., amounting to 181 thousand euros (2013: 207 thousand euros).

The fees for other professional services provided principally to the parent by the principal auditor amounted to 163 thousand euros at December 31, 2014 (2013: 91 thousand euros).

23.6. The breakdown of the Group's net finance income in 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Interest income	2,291	953
Less interest expenses	(2,923)	(4,064)
Total	**(632)**	**(3,111)**

Finance income arises mainly from the interest on loans to related parties and interest arising from the investment of surplus cash.

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

23.7. Exchange differences

The breakdown of the exchange differences in 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Exchange gains	1,186	365
Exchange losses	(566)	(519)
Total	**620**	**(154)**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to $35 million in 2014 (2013: $66 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes 20,711 thousand euros denominated in US currency in 2014 (2013: 26,229 thousand euros).

Trade receivables for sales and services includes 408 thousand euros denominated in US currency in 2014 (2013: 28 thousand euros).

23.8. Operating leases

The breakdown of "Operating leases" in 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Minimum lease payments under operating leases recognized in profit or loss	1,370	1,452
	1,370	**1,452**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2014.

24. EARNINGS PER SHARE

The calculation of the weighted average number of shares outstanding and diluted at December 31, 2014 and 2013 is as follows:

	12/31/14	12/31/13
Total shares issued	406,861,426	406,861,426
Less: treasury shares	(19,859,706)	(6,065,107)
Total shares outstanding	387,001,720	400,796,319
Dilutive effect of share options and free delivery of shares	392,078	172,628
Total number of shares for calculating diluted earnings per share	**387,393,798**	**400,968,947**

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:

	12/31/14	12/31/13	Change
Net profit for the year (thousands of euros)	59,492	4,161	55,331
Number of shares outstanding	387,001,720	400,796,319	(13,794,599)
Basic earnings per share (euros)	**0.15**	**0.01**	**0.14**

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:

	12/31/14	12/31/13	Change
Net profit for the year (thousands of euros)	59,492	4,161	55,331
Number of shares for calculating diluted earnings per share	387,393,798	400,968,947	(13,575,149)
Diluted earnings per share (euros)	**0.15**	**0.01**	**0.14**

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.

Note 11 includes a non-current loan granted to Pegaso Televisión Inc. and Netsonic, S.L.

Note 17 includes a non-current loan granted by Mediaset Investment, S.R.L.A.

Thousands of euros

	12/31/14		12/31/2013	
	Receivable	Payables	Receivable	Payables
Big Bang	-	17	-	1,480
Producciones Mandarina, S.L.	(2)	5,482	-	2,022
La Fábrica de la Tele, S.L.	-	6,488	1,647	4,896
Digital +	-	-	(38)	8,167
Editora Digital de Medios	79	55	26	95
60 Db Entertainment	-	-	-	17
Megamedia Televisión	43	922	92	459
Supersport Televisión	244	520	206	1,559
Mediaset Group	471	2,469	80	21,722
Prisa Group	1,263	2,290	1,028	2,651
Total	**2,098**	**18,243**	**3,041**	**43,068**

The breakdown, by maturity, of the receivables from all the related parties is as follows:

Thousands of euros

2014	Balance	Maturities		
		3 months	6 months	12 months
Investee	364	364	-	-
Mediaset Group	471	417	27	27
Other companies	1,263	1,263	-	-
Total	**2,098**	**2,044**	**27**	**27**

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**	**-**	**-**

Current payables to related parties by maturity are as follows:

Thousands of euros

2014	Balance	Maturities		
		3 months	6 months	12 months
Investee	13,485	10,183	3,302	-
Mediaset Group	2,468	916	1,552	-
Other companies	2,290	2,260	30	-
Total	**18,243**	**13,359**	**4,884**	**-**

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**	**-**

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

Thousands of euros

	Sales of goods		Other earnings		Purchase of goods		Other expenses		Purchase of rights	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
60 Db Entertainment	-	-	-	-	11	795	-	-	-	-
Editora Digital de Medios	65	88	-	-	201	194	-	-	-	-
Big Bang Media, S.L.	3	-	-	-	1,924	4,521	-	-	5,389	-
Digital +	45	1,285	-	-	11,393	20,219	-	-	-	231
La Fábrica de la Tele, S.L.	-	1,361	-	-	27,243	31,863	-	-	-	-
Producciones Mandarina, S.L.	18	-	-	-	16,680	18,186	-	-	-	-
Netsonic, S.L.	-	-	-	-	145	-	-	-	-	-
Megamedia Televisión	187	76	-	-	4,194	1,554	-	-	-	-
Supersport Televisión	1,523	180	2	-	13,208	4,557	-	-	-	-
Mediaset Group	1,789	1,239	-	-	1,502	1,157	3,165	3,957	-	-
Prisa Group	1,191	513	-	-	3,479	8,576	-	-	-	-
Pegaso Group	-	99	1,026	32	-	-	-	88	-	-
Total	**4,821**	**4,841**	**1,028**	**32**	**79,980**	**91,622**	**3,165**	**4,045**	**5,389**	**231**

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

Thousands of euros

	Current limit	Drawn down (Dr) Cr	Non-current limit	Drawn down (Dr) Cr	Maturity
Exercise 2014					
Associates or shareholders	-	-	75,000	11,144	2016
Exercise 2013					
Associates or shareholders	75,000	19,370	-	-	2014

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread for 2014 and 2013.

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 5,585 thousand euros and 5,959 thousand euros in 2014 and 2013, 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, 2014, 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 share options exercised
Total Board of Directors	704,187	411,237
Options granted in 2009	108,312	108,312
Options granted in 2010	397,250	201,750
Options granted in 2011	198,625	100,875

Other disclosures on the Board of Directors

Insofar as article 229 of the Capital Companies Law, management has communicated that they do not have any conflicts of interest with the Company.

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	
2014	2013	2014	2013
21	23	7,459	9,176

During 2014, one of the directors was appointed to the Board, and therefore the breakdown does not include remuneration as a director.

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 2014 and 2013, 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.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

EXPRESSED IN THOUSAND OF EUROS

THE SPANISH ECONOMY IN 2014

2014 data for the performance of the Spanish economy indicates that the country is finally emerging from the recession in which it has been immersed since 2008, and that it is now on the road to growth.

As indicated in the Management Report corresponding to last year's notes to the consolidated financial statements, this new direction became gradually evident during the second half of 2013, to become clearer in 2014 as reflected in data supporting the consolidation of a process which we expect will become increasingly solid in upcoming years.

This optimism must not give way to overly triumphant or confident expectations, considering the seriousness of the damages caused by the Great Recession during 2008-2013, as well as other uncertainties (political, economic, energy, etc.) which still hover over the global economic outlook; the trend of events occurring during 2014 might represent the prelude to the sustainable recovery of key economic indicators.

Although available data is still not yet definitive, forecasts indicate that the worldwide growth of the GDP will be around 3.3% in 2014, which is only slightly higher than in 2013, which confirms that there is a high degree of regional volatility and that emerging economies continue without recovering the dynamic aspects which characterized them in prior years.

With respect to the US, 2014 growth is estimated to surpass that of 2013 (2.4% for the year 2014), which is a solid figure, which was also affected negatively by the cold snap hitting the country during the first quarter of the past year; the GDP is expected to rise to over 3% in 2015, which would consolidate the US economy in its role as the developed world's driver of growth.

The GDP growth in the Eurozone during 2014 was under 1% (around 0.8%); although this figure reverses the negative performance of 2012 and 2013, it is clear that the recovery of the continental economy is sporadic, with very uneven performances in the main countries comprising it. While Germany and Spain lead with growth rates of over 1%, France's economy is stalled, while Italy's growth is negative; for the latter countries, this circumstance is indicative that the necessary structural reforms were not implemented with the sufficient determination required by their productive demand models.

With regard to Spain, as mentioned previously, data available during the preparation of these consolidated financial statements reflect that the GDP grew 1.4% during the year, which is a figure which is close to twice that of the European Union average, and quite similar to that of Germany, which continues as the most dynamic of the large economies in the zone, with activity data during the final quarter of the year which is well over the average.

As the year progressed, the growth of Spain's economy was largely based on internal demand rather than external sectors; this was the catalyst for its economic recovery during its initial stages. A key element within internal demand is private consumption - which is a chief parameter for the TV advertising business - which experimented growths which increased as the year progressed, to reach 2.2% overall for the year, which mirrored the positive performance of other variables which are closely linked to the trend of private consumption, such as automobile sales (rising continually since the first months of 2013), or retail trade business, which rose during the first part of the year for the first time since the crisis began.

The rate of unemployment merits special attention: considering figures currently at our disposal, which indicate a 2 point drop (from 25.8% at the end of 2013 to 23.7% a year later), which is a fairly healthy increase. However, we must not lose sight of the fact that the recovery of more reasonable employment levels which are comparable to other countries in our environment still represents the greatest challenge to our economy.

Considering the above, the pertinent question worth asking is: What is the macroeconomic scenario facing Spain in 2015, and what is the general backdrop against which our TV business will move forward?. Based on events taking place in 2014, and macroeconomic trends observed during the first months of the new year, there seems to be a widespread consensus that the Spanish economy will be one of the fastest growing in the Eurozone during the year, with GDP growth rates of approximately 2%; therefore, should predictions come true, Spain will continue growing well over the average of the European Union, and should move forwards to be the fastest growing in the large continental economies.

Against this macroeconomic backdrop, the rise in GDP will mainly be based on internal demand, and not quite as dependent on the external sector as was the case during the initial phases of the economic recovery; forecasts indicate that the contribution of private consumption will be particularly relevant thanks to the increase in families' disposable income thanks to improved general economic conditions, lowering Personal Income Tax rates, and the normalization of financing conditions for families and individuals. Another key factor in the improvement of the Spanish economy will be the new, more expansive economic policies recently set in motion by the ECB, as well as the significant drop in oil prices.

Evidently, our analysis and projections cannot obviate the potential risks surrounding an economic situation whose recovery is still consolidation, and includes both internal factors (degree of recovery of employment, meeting budgetary stability objective, the 2015 election results, etc.), and those which are external in nature (geopolitical tensions, the impact of the reduction of the price of crude oil in exporting countries, the debt of peripheral countries, the impact of monetary policies on both sides of the Atlantic, insufficient growth of emerging economies, etc.).

THE TELEVISION INDUSTRY IN 2014: THE YEAR WHICH FOLLOWED A CRISIS OF UNPRECEDENTED DIMENSIONS

As indicated in the Management Report corresponding to last year's notes to the consolidated financial statements, TV advertising investment shrank 6.2% during the year, although the trend observed during the period indicated that things were looking much better, culminating in a reversal of an interminable sequence of negative increments commencing in 2008 which (with the exception of a brief respite in 2010 with a modest yet ephemeral recovery), caused the TV advertising market to shrink to nearly half its size in five years. In this manner, commencing September, 2013, signs of inter-annual growth were registered, which led to a 5.6% advance in TV advertisement investment in the last quarter with regards to the prior year.

With respect to 2014, according to Infoadex, television advertising increase about 10.9%, meaning that the majority of the increase in overall advertising was thanks to television, which is a clear indicator of the strength of the medium as a communication tool in the eyes of advertisers.

This upward shift is thanks to TV consumption, which is measured in minutes by spectator and day: although it dropped to historic lows during mid-2013, and had clearly been inflated by the economic turndown, it still posted some of the highest figures in the business, pushing the overall global percentage upward in 2014. This was a year in which investment showed a remarkable recovery, and is without a doubt an indication of the strength and notoriety of the medium as a commercial communications tool.

The above increases are mainly the result of the partial recovery of prices which had shot downward, and with little or no hope of continuity with regard to the highs reached in 2007, although it is indeed true that, to a certain degree, during 2014 the degree to which advertising space is used was also increased.

With respect to the Mediaset Group, in 2014 we were able to grow slightly over the market thanks to the substance of our contents and audience, to eventually reach a 44.2% of the investment in the medium at the year end.

With regard to the audience, data for the year unequivocally indicate that the Group continues as the indisputable global leader (30.7%), with a 1.7 increase with respect to 2013, and even despite having to return two channels as a result of the execution of the Supreme Court Sentence annulling this concession. This represents the historic record for a commercial TV group in Spain.

These data are also very positive for our main channel (Telecinco), which has increased its share of audience 1 point, from 13.5% to 14.5%. This is the highest percentage since 2010.

The abovementioned audience data encompasses Cuatro (6.7%) as well as all the second-generation channels (8.8%), which also indicate the strength of our show lineup, which places us at the respectable distance (three points higher) above our main competitor.

Comparing the Company's results in 2014 with those of 2013, we see:

- Total operating income increased from 826,820 thousand euros in 2013 to 932,087 thousand euros in 2014, mainly thanks to the increase in advertising income, although non-advertising income (especially those relating to the cinematographic activity) also performed quite positively.

- Operating income rose from 756,648 thousand euros in 2013 to 787,333 thousand euros in 2014, which is a slight increase basically explained by the broadcast of non-recurring sporting events, which have also contributed to the increase in the audience as well as advertising income.

- Finally, the net result attributable to the year during 2014 was 59,492 thousand euros with regard to the 4,161 thousand euros recognized in 2013, which is a very significant improvement, mainly thanks to the recovery of operational margins during the year based on the increase in operating income.

DIVIDENDS

In 2014, no dividends were distributed, mainly due to the advertising market at the beginning of the year, and the existence of potential investment opportunities which would have made it necessary to have the financial wherewithal in the case, though they did not eventually take place.

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, a wholly owned subsidiary of the Group 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.

For Telecinco Cinema, 2014 was a year which can only be described as exceptional, with films in five different genres (comedy, romantic comedy, black humor, action, and documentary) premiered during the year: "Ocho Apellidos Vascos," "Perdona si te llamo amor," "Carmina y Amén," "El Niño," and "Paco de Lucía: la búsqueda," which all reaped huge successes on both a critical and popular success.

"Ocho Apellidos Vascos" is well-known as the film which reached historically-high box office and audience levels as far as national productions are concerned, surpassing 56 million euros in box office sales and 9 million spectators, also obtaining five Goya nominations, and finally winning three.

"Carmina y Amén" multiplied by ten the box office sales it earned with the first film ("Carmina o Revienta"), while also earning a Goya nomination in the "Best new actress"category.

"El Niño" is the second highest-grossing film during 2014, with nominations in 16 Goya Award categories, eventually winning four.

Finally, "Paco de Lucía: la búsqueda" was the highest-grossing documentary during the year, and won this Goya category as well as two other nominations.

In summary, this has been a spectacular year, with another one right on its heels in which Telecinco Cinema aspires to do its best to provide the best we have to offer, renewing our commitment to ensure that the industry and its public are in tune, and to solidify the base of our film production segment abroad. Filmmakers such as Enrique Gato, Alejandro Amenábar, Emilio Martínez Lázaro, Daniel Calparsoro, and J.A. Bayona, among others, are collaborating on new projects: "Atrapa la bandera", "Tadeo Jones y el secreto del Rey Midas", "Regresión", "Ocho Apellidos Vascos 2ª parte", "Cien años de perdón", or "Un monstruo viene a verme", all which will be premiered in 2015 and 2016.

For the overall film sector, 2014 was an excellent year both in attendance as well as in sales, reaching 127 million euros in box office sales, and 21.2 million spectators, with a 25.7% share of the market, which is a percentage surpassing any the past 37 years. Telecinco Cinema was a key player in attaining this success, which is a source of pride and satisfaction, while also reaffirming our commitment to working with the same energy and enthusiasm to produce quality work which is accessible to all publics.

INTERNET

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

Based on this premise, it is important to highlight the fact that the Mediaset websites performed magnificently in 2014, growing 57.3% in sole browsers with respect to 2013; Telecinco.es was once again the TV website with most views, rising 49.1% with respect to the monthly average in 2013. Divinity.es is the fashion portal which features society celebrities, reaching record numbers of visits during the year, close to three million sole visitors during the last month of the year.

With regard to the video on demand sector, data for Mediaset products increased 67.8% with respect to 2013, while Mitele.es, the Group's video platform, continues the upward trajectory of this app which already has registered three million downloads.

Based on OJD data, as well as figures provided by Comscore, the Group is still the undisputed leader among audiovisual communication groups.

TREASURY SHARES

At December 31, 2014, the Group held 39,284,862 of its own shares, representing 9,66% of share capital.

PAYMENTS TO SUPPLIERS

During 2014, the average payment to the Group's national suppliers was 77 days. This difference is notable when compared to the maximum stipulated by payment arrears regulations, and is exclusively due to the rigorous control exercised by the Group with regard to mercantile and tax requirements to be met by invoices received, meaning that they are not paid until the incidents detected have not been resolved. The Group scrupulously meets its commitments with regard to legislation aimed at battling late payments.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

After two consecutive years of progress, the European stock exchanges underwent a transition in 2014 in which volatility increased notably. In this scenario, the IBEX 35 was the best-performing index, with a rise of 3.7% based on the effect on Spanish equity funds of the positive opinions of analysts on the macroeconomic outlook for 2015.

As far as European Stock Markets are concerned, the German DAX rose 2.7%, reaching new historic highs nearly every month, to attain 10,087.12 points on December 5. The other leading European stock exchanges performed less brilliantly: the Italian FTSEMIB only grew 0.2% while the French CAC4O and the UKFT100 fell 0.5% and 2.7%, respectively.

Indices in North American markets registered record monthly highs, closing the year with sharp rises: the Dow Jones rose 7.5% thereby ending its sixth year high, unparalleled since 1999, while the S6P500 rose 11.4%, also culminating a six-year positive stretch.

With regard to the stock market trend of Mediaset España, the appreciation of the quoted price in 2014 was 24.5%, which is the best performance within the European communication sector, and eighth in the IBEX35.

Its degree of capitalization increased during the year 837 million euros, reaching 4,250 million euros, unsurpassed since 2008.

The maximum price per share during the year was reached on December 24 (10.60 euros), and the minimum (7.41 euros) was registered on May 15. Total business volume amounted to 4,822.4 million euros, with an increase of over 2,000 million euros as compared to 2,747.2 in 2013, which is 76% more. The volume of securities during the year was 542.3 million, vs. 397.5 in 2013 (an increase of 37%).

Mediaset España's market capitalization is ranked number one nationally among companies in the sector, with an 18% difference with respect to its main competitor, surpassing the overall valuation of all the media companies in Spain, while on a European level it ranks third, moving up a notch as compared to the year before.

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 has 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

The Group'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 one of our crucial areas of 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 in 2010 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. For this reason, in 2015 the Group will not be able to separate itself from the general macroeconomic context in which it carries out its business and its indices; as discussed in this Management Report, figures for 2014 indicate that the Spanish economy is no longer immersed in a recession, but rather, is on the road to growth; in 2015, despite prevailing global economic risks, the GDP should continued growing; according to analysts, this could surpass 2%, while in terms of private consumption, this rise might even be more notable in line with the increase in the disposable income of families and individuals.

The free-to-air TV business is in a sector which is consolidating, and in which the Group was a pioneer: it will positively affect its trend in this phase of the consolidation of the advertising cycle, especially with respect to the capacity to recover prices which suffered the brutal impact of the economic crisis during the five-year period from 2008-2013.

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, now that we are well on the road to recovery, structural factors also remain solid.

Within this context of the concentration and consolidation of operators, the Group'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 income generation as well as its cost structure, in order to facilitate the growth of our margins and cash flows taking advantage of the financial leverage which is consubstantial in our sector.

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 Group's competitive edge in the face of the high financial leverage which affects the majority of the companies competing in its sector.

Also, once our sector's economic situation seems more normalized, we will maintain our shareholder remuneration policies based on distribution (using the different measures at our disposal, dividends, and others) of surplus cash. It is also important to recall that we are currently in the abovementioned process of complying with the share buyback plan as an effective way to remunerate our shareholders.

SHAREHOLDER AGREEMENTS

Throughout 2014, side agreements in force declined. These side agreements were included in the "Significant Event" notice filed by the Company with the National Securities Exchange Commission (CNMV) on February, 8, 2011. Prisa Television was entitled to appoint two members to the Mediaset Board of Directors (vs. 8 Mediaset members); it would also be allowed to keep one director on the Board as long as it holds minimum of 5% of Mediaset's share capital. Prisa Television also had the right for some of its representatives on the Mediaset Board of Directors to hold certain positions within this organ or other commissions while Prisa Television would maintain its investment in Mediaset higher than 10% (a non-executive vice president; a member of the executive committee; a member of the audit and compliance commission, and a member of the naming and the Appointments and Remuneration Committee).

Throughout 2014, Prisa Television reduced its shareholding in Mediaset to below 5% of its share capital, which meant that such side agreements were rendered totally without effect.

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 favorable 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 jeopardizes 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 favorable 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 Mediaset España 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 minimize 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 Mediaset España 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 Mediaset España 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 Mediaset España Group companies may not simultaneously hold purchase and sale orders for Company shares.

9.3.8. Restrictions

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 Mediaset España 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 Mediaset España 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.

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

The following table itemizes 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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