FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE

2014

MEDIASET españa.

MEDIASET ESPAÑA COMUNICACIÓN, S.A.

FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

Independent Audit Report

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

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid
España

Tel: 915 727 200
Fax: 915 727 238
ey.com

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 22)

INDEPENDENT AUDIT REPORT ON THE FINANCIAL STATEMENTS

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

Report on the financial statements

We have audited the accompanying financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A., which comprise the balance sheet at December 31, 2014, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity and financial position and the results of MEDIASET ESPAÑA COMUNICACIÓN, S.A., in accordance with the regulatory framework for financial information applicable to the Entity in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements 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 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 financial statements give a true and fair view, in all material respects, of the equity and financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. at December 31, 2014, and its results and cash flow for the year then ended, in accordance with the applicable regulatory framework for financial information in Spain, and specifically the accounting principles and criteria contained therein.

Emphasis of Matter

We draw attention to Note 19 of the accompanying financial statements, which states that the Company carries out a significant part of its transactions with other Group companies. The related-party transactions carried out in 2014 and the corresponding balances at year end are described in that Note. Our opinion is not modified in respect of this matter.

Report on other legal and regulatory requirements

The accompanying 2014 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters; however, it is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the 2014 financial statements. Our work as auditors is limited to verifying the 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 Company's accounting records.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Antonio Vázquez Pérez

February 25, 2015

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BALANCE SHEETS AT DECEMBER 31, 2014 AND 2013

Thousands of euros

ASSETS	Notes	2014	2013
NON-CURRENT ASSETS		1,015,782	1,390,078
Intangible assets	6	**712,924**	**732,334**
Patents, licenses, and trademarks		213,312	221,342
Goodwill		287,979	287,979
Software		2,656	2,898
Audiovisual property rights		208,977	220,115
Property, plant and equipment	5	**48,251**	**49,154**
Land and buildings		28,374	29,697
Plant and other PP&E items		17,416	18,479
Property, plant and equipment under construction and prepayments		2,461	978
Investment in group companies and associates	7	**166,909**	**520,013**
Equity instruments		110,238	505,012
Loans to group companies		53,037	11,801
Loans to associates		3,634	3,200
Financial investments	8.1	**1.271**	**902**
Equity instruments		365	-
Loans to third parties		824	824
Other financial assets		82	78
Deferred tax assets	15	**86,427**	**87,675**
CURRENT ASSETS		516,011	395,247
Non-current assets held for sale	8.1	7,932	-
Inventories	9	**1,555**	**4,661**
Finished products		1,248	4,324
Prepayments to suppliers		307	337
Trade and other receivables	8.1, 10	**217,049**	**189,177**
Trade receivables		4,920	5,194
Trade receivables from group companies and associates	19	199,560	163,503
Other receivables		5	793
Receivables from employees		105	44
Current income tax assets	15	12,459	19,643
Investments in group companies and associates	8.1	**43,211**	**99,857**
Loans to group companies		32,182	80,669
Other financial assets		11,029	19,188
Financial investments	8.1	**1,257**	**231**
Loans to companies		-	138
Derivatives		1,193	-
Other financial assets		64	93
Other current assets	11	**12,706**	**11,773**
Cash and cash equivalents	12	**232,301**	**89,548**
Cash		102,296	89,548
Other cash equivalents		130,003	-
TOTAL ASSETS		1,531,793	1,785,325

Read with the accompanying explanatory notes.
Madrid, February 25, 2015.

BALANCE SHEETS AT DECEMBER 31, 2014 AND 2013

Thousands of euros

EQUITY AND LIABILITIES	Notes	2014	2013
EQUITY	13	1,193,077	1,431,123
CAPITAL AND RESERVES		1,189,166	1,431,123
Share capital		203,431	203,431
Issued capital		203,431	203,431
Share premium		1,064,247	1,064,247
Reserves		241,492	245,484
Legal and statutory reserves		40,686	40,686
Other reserves		200,806	204,798
Treasury shares		(371,373)	(73,445)
Prior year losses		(8,594)	-
Profit for the year		59,963	(8,594)
UNREALIZED GAINS (LOSSES) RESERVE		3,911	-
Others		3,911	-
NON-CURRENT LIABILITIES		18,337	18,701
Provisions	14	9,680	10,177
Provisions for contingencies and liabilities		9,680	10,177
Borrowings	8.2	8	123
Other non-current financial liabilities		8	123
Deferred tax liabilities	15	8,649	8,401
CURRENT LIABILITIES		320,379	335,501
Provisions	14	6,954	-
Provisions for contingencies and liabilities		6,954	-
Borrowings	8.2	75,059	61,110
Bank borrowings		76	196
Liabilities arising from derivative financial instruments		16	777
Other financial liabilities		74,967	60,137
Borrowings from group companies and associates	8.2 ,19	116,100	147,436
Trade and other payables	8.2	121,909	125,601
Suppliers		80,414	88,453
Suppliers, group companies and associates	19	9,819	10,089
Other payables		-	64
Employee benefits payable		4,582	5,091
Other payables to public administrations	15	27,030	21,840
Customer advances		64	64
Accruals		357	1,354
TOTAL EQUITY AND LIABILITIES		1,531,793	1,785,325

Read with the accompanying explanatory notes.
Madrid, February 25, 2015.

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Thousands of euros

	Notes	2014	2013
CONTINUING OPERATIONS			
Revenue	**18**	**718,829**	**647,003**
Sale		710,202	640,307
Rendering of services		8,627	6,696
Changes in inventory of finished goods and work in progress	**18**	**(3,077)**	**(1,304)**
Work performed by the entity and capitalized		**6,351**	**6,406**
Cost of sales		**(210,096)**	**(227,603)**
Consumption of goods for resale	18	(210,096)	(227,603)
Other operating income		**13,837**	**11,246**
Ancillary income		13,837	11,246
Employee benefits expense	**18**	**(81,493)**	**(83,752)**
Wages, salaries et al.		(66,876)	(69,525)
Social security costs		(14,617)	(14,227)
Other operating expenses		**(188,299)**	**(177,159)**
External services	18	(165,003)	(155,908)
Taxes		(23,635)	(21,326)
Losses on, impairment of and change in trade provisions		339	75
Depreciation and amortization	**5,6**	**(207,363)**	**(188,735)**
Overprovisions		**3,747**	**5,137**
Impairment losses and gains (losses) on disposal of non-current assets		**1,496**	**7,079**
Impairment losses and losses	6	1,516	7,080
Gains (losses) on disposal and other gains and losses		(20)	(1)

Read with the accompanying explanatory notes.
Madrid, February 25, 2015.

INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Thousands of euros

	Notes	2014	2013
OPERATING PROFIT		53,932	(1,682)
Finance Income		**61,560**	**57,531**
From equity investments		56,595	53,095
In group companies and associates	19	56,595	53,095
From marketable securities and other financial instruments		**4,965**	**4,436**
Of group companies and associates	19	3,247	3,893
Of third parties		1,718	543
Finance cost		**(3,037)**	**(4,369)**
Borrowing from group companies and associates	19	(968)	(1,263)
Third-party borrowings		(2,069)	(3,106)
Exchange gains (losses)		**620**	**(158)**
Impairment and gains (losses) on disposal of financial instruments		**(65,066)**	**(83,914)**
Impairment losses and losses		(65,066)	(83,914)
FINANCIAL RESULT		(5,923)	(30,910)
PROFIT BEFORE TAX		48,009	(32,592)
Income tax	15	11,954	23,998
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		59,963	(8,594)
DISCONTINUED OPERATIONS			
Profit/(loss) after tax for the year from discontinued operations		-	-
PROFIT FOR THE YEAR		59,963	(8,594)

Read with the accompanying explanatory notes.
Madrid, February 25, 2015.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

A) Statement of recognized income and expenses for the years ended December 31, 2014 and 2013

Thousands of euros

	Notes	2014	2013
PROFIT FOR THE PERIOD		59,963	(8,594)
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN EQUITY			
From measurement of financial instruments		5,432	-
Available-for-sale financial assets		5,432	-
Other income/expense		-	-
From cash flows hedges		-	-
Currency translation differences		-	-
Grants, donations and bequests received		-	-
From actuarial gains and losses, and other adjustments		-	-
Tax effect		(1,521)	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY		3,911	-
AMOUNTS TRANSFERRED TO INCOME STATEMENT			
From measurement of financial instruments		-	-
Available-for-sale financial assets		-	-
Other income/expense		-	-
From cash flows hedges		-	-
Grants, donations and bequests received		-	-
Tax effect		-	-
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		-	-
TOTAL RECOGNIZED INCOME AND EXPENSE		63,874	(8,594)

Read with the accompanying explanatory notes.
Madrid, February 25, 2015.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

B) Statement of changes in equity for the years ended December 31, 2014 and 2013

Thousands of euros

	Issued Capital (Note 13.a)	Share Premium	Legal Reserve (Note 13.b)	Reserves for share option plans	Goodwill reserve (Note 13.c)	Voluntary reserves	Total other reserves	Treasury shares (Note 13.d)	Prior year losses	Profit for the year	TOTAL CAPITAL AND RESERVES	Valuation adjustments	TOTAL EQUITY
ADJUSTED BALANCE AT JANUARY 1, 2013	203,431	1,064,247	40,686	15,357	14,399	115,916	145,672	(84,745)	-	64,492	1,433,783	-	1,433,783
Total recognized income and expense	-	-	-	-	-	-	-	-	-	(8,594)	(8,594)	-	(8,594)
Transactions with shareholders and owners													
Profit distribution	-	-	-	-	14,399	50,093	64,492	-	-	(64,492)	(64,492)	-	-
Transactions with shares or own equity instruments (net)	-	-	-	(927)	-	(4,578)	(5,505)	11,300	-	-	-	-	5,795
Incentive plans though share-based payments	-	-	-	139	-	-	139	-	-	-	-	-	139
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT DECEMBER 31, 2013	203,431	1,064,247	40,686	14,569	28,798	161,431	204,798	(73,445)	-	(8,594)	1,431,123	-	1,431,123
ADJUSTED BALANCE AT JANUARY 1, 2014	203,431	1,064,247	40,686	14,569	28,798	161,431	204,798	(73,445)	-	(8,594)	1,431,123	-	1,431,123
Total recognized income and expense	-	-	-	-	-	-	-	-	-	59,963	59,963	3,911	63,874
Transactions with shareholders and owners													
Profit distribution	-	-	-	-	14,399	(14,399)	-	-	(8,594)	8,594	-	-	-
Transactions with shares or own equity instruments (net)	-	-	-	(3,435)	-	(557)	(3,992)	(297,928)	-	-	(301,920)	-	(301,920)
Incentive plans though share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT DECEMBER 31, 2014	203,431	1,064,247	40,686	11,134	43,197	146,475	200,806	(371,373)	(8,594)	59,963	1,189,166	3,911	1,193,077

Read with the accompanying explanatory notes.

Madrid, February 25, 2015.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

Thousands of euros

	Notes	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**48,009**	**(32,592)**
Adjustments to profit		**279,621**	**204,826**
Depreciation and amortization (+)	5,6	207,363	188,735
Impairment losses (+/-)	6,7	67,147	76,832
Changes in provisions (+/-)		7,039	(7,579)
Finance income (-)		(4,965)	(57,531)
Finance costs (+)		3,037	4,369
Change in working capital		**(30,787)**	**(31,546)**
Inventories	9	3,077	1,304
Trade and other receivables		(28,242)	(19,314)
Other current assets		(933)	(1,026)
Trade and other payables		(3,692)	(13,851)
Other current liabilities		(997)	1,341
Other cash flows from operating activities		**46,418**	**47,870**
Interest paid (-)		(3,037)	(4,369)
Dividends received (+)	19	56,595	53,095
Interest received (+)		4,965	4,436
Proceeds (payments) for income tax (+/-)		(12,105)	(5,292)
CASH FLOWS FROM OPERATING ACTIVITIES		**343,261**	**188,558**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments (-)		**(198,242)**	**(193,932)**
Intangible assets		(181,838)	(184,016)
Property, plant and equipment		(6,531)	(4,332)
Other financial assets		(9,873)	(5,584)
Proceeds from disposal (+)		**327,647**	**42,517**
Group companies and associates		325,000	41,196
Intangible assets	6	2,600	167
Property, plant and equipment	5	18	37
Other financial assets		-	757
Other assets		29	360
CASH FLOWS FROM INVESTING ACTIVITIES		**129,405**	**(151,415)**

Léase con las notas explicativas adjuntas.
Madrid, 25 de febrero de 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

Thousands of euros

	Notes	2014	2013
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**(302,257)**	**5,795**
Disposal of own equity instruments (+)		5,257	5,795
Acquisition of own equity instruments (-)		(307,514)	-
Proceeds from and payments on financial liabilities		(27,656)	17
Issues		**-**	**65**
Bank borrowings (+)		-	65
Other borrowings (+)		-	-
Repayment and redemption of		**(27,656)**	**(48)**
Bank borrowings (-)		(120)	-
Other borrowings (-)		(27,536)	(48)
CASH FLOWS FROM FINANCING ACTIVITIES		(329,913)	5,812
NET FOREIGN EXCHANGE DIFFERENCE		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		142,753	42,955
Cash and cash equivalents at January 1	12	89,548	46,593
Cash and cash equivalents at December 31	12	232,301	89,548

Léase con las notas explicativas adjuntas.
Madrid, 25 de febrero de 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

THOUSAND OF EUROS

1. ACTIVITY

MEDIASET ESPAÑA COMUNICACIÓN, S.A. (called Gestevisión Telecinco, S.A. until April 12, 2011), (hereinafter "the Company") was incorporated in Madrid on March 10, 1989. Its registered address is Carretera de Fuencarral a Alcobendas 4, 28049 Madrid.

The Company engages in the indirect management of a public television service. The Company operated six TV channels (Telecinco, Factoría de Ficción, Boing, Cuatro, Divinity and Energy). The licenses to operate these channels were granted as follows:

- Under the terms of the State concession granted by the General Secretariat of Communications' Resolution of August 28, 1989 and the concession agreement contained in the public deed of October 3, 1989, as well as all natural operations related to and as a consequence of that management.
- This agreement was renewed for ten years from April 3, 2000 under a Council of Ministers' agreement 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' agreement of March 26, 2010 renewed this concession for an additional ten years.
- The Company 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 the 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 became exchange-listed on June 24, 2004, when it was listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia and became an IBEX-35 company on January 3, 2005.

Corporate transactions

On July 27, 2011, the merger of Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., Sociedad General TV Cuatro, S.A.U., and Compañía Independiente de Noticias de Televisión, S.L. by Mediaset España Comunicación, S.A. was registered with the Madrid Mercantile Registry. Mediaset España Comunicación, S.A. was the sole shareholder of these companies. The merger was authorized by the Board of Directors on July 22, 2011.

Mediaset España Comunicación, S.A., acquired all the absorbed companies' assets based on the merger balance sheets at December 31, 2010 by universal succession, and assumed all their rights and obligations without reservation, exception or limitations as established by law.

The merger took effect for accounting purposes on January 1, 2011.

In respect of the aforementioned takeover and merger, the Company elected to apply the option set forth in Chapter VIII, Title VII of the revised Spanish Corporation Law, approved by Royal Legislative Decree 4/2004, regarding mergers, spin-offs, contributions of assets and exchanges of securities.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Spanish GAAP enacted by Royal Decree 1514/2007 of November 16, which was amended by Royal Decree 1159/2010, of September 17, and all prevailing mercantile law.

The figures shown in these financial statements are presented in thousands of euros unless otherwise indicated.

True and fair view

The accompanying annual financial statements have been prepared from the Company's accounting records in accordance with prevailing accounting legislation in order to give a true and fair view of the equity, financial position and results of the Company, as well as the cash flows reported in the cash flow statement.

These financial statements have been prepared by the directors of the Company and will be submitted for approval by the shareholders in general meeting. It is expected that they will be approved without modification.

Comparative information

Thus, in accordance with mercantile law, for comparative purposes the Company has included the 2013 figures in addition to those of 2014 for each item of the balance sheet, of the income statement, of the statement of changes in equity and of the cash flow statement.

The notes to the financial statements also include quantitative information from the previous year, except when an accounting standard specifically establishes this as unnecessary.

Preparation of the consolidated financial statements

The Company, as the parent of a corporate group in accordance with mercantile law and given that it is a listed company, is obliged to present consolidated financial statements in accordance with the International Accounting Standards as approved by the European Union. Accordingly, the corresponding consolidated financial statements were prepared together with these individual financial statements. Consolidated equity and net profit for the year ended December 31, 2014 totaled 1,181,103 thousand euros and 59,492 thousand euros, respectively.

Critical issues concerning the assessment of uncertainty

The preparation of the Company's annual financial statements requires the Directors to make judgments, estimates and assumptions which affect the application of accounting principles and the balances of assets, liabilities, income and expenses, and the disclosure of contingent assets and liabilities at the reporting date. These estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of the assets and liabilities that are not readily apparent from other sources. Those estimates and assumptions are reviewed on an ongoing basis. The effects of the reviews of the accounting estimates are recognized in the period during which they are carried out, if they relate solely to that period, or in the period reviewed and future periods if the review affects both current and future periods. Nevertheless, the uncertainty inherent in the estimates and assumptions may lead to results that necessitate adjusting the carrying values of the assets and liabilities affected in the future.

Aside from the general process of making systematic and periodically revising estimates, the directors made certain value judgments on issues that have a special effect on the financial statements.

The main judgments as well as the estimates 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

When measuring non-current assets other than financial assets, especially goodwill and intangible assets with an indefinite useful life, estimates must be made to determine their fair value to assess if they are impaired. To determine fair value, the Directors estimate the expected cash flows from assets or the cash-generating units to which they belong and apply an appropriate discount rate to calculate the present value of these cash flows.

Future cash flows depend on meeting the business plan for upcoming years, whereas discount rates depend on the interest rate and the risk premium associated with each cash generating unit. Note 6 includes the hypotheses used to calculate the value of the cash-generating units, and includes a sensitivity analysis of the changes in the hypotheses utilized.

Deferred tax assets

Deferred tax assets are recognized when the income tax Group is likely to have future taxable profit against which these assets may be utilized.

To determine the amount of deferred tax assets that can be recognized, the Directors estimate the amounts and dates on which future taxable profits will be obtained, and the reversion period of taxable temporary differences.

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

The Company 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.

Provisions and contingent liabilities

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4. The Company 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. When risks are only considered to be possible, no provisions are recognized (Note 14).

Calculation of fair values, values in use and present values

Estimating fair values, values in use, and present values entails calculating future cash flows and making assumptions on the future values of flows as well as the applicable discount rates. The estimates and related assumptions are based on historical experience and various other factors understood to be reasonable under the circumstances.

The Company values incentive plans through shares at fair value on the date of the concession. Making such an estimate at that date requires making estimates and judgments on the valuation option models 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, an estimate of dividend payments, and the risk-free interest rate for the life of the option.

3. APPROPRIATION OF PROFIT

The Directors have proposed the following appropriation of profit, expressed in thousands of euros, pending approval by the General Shareholders' Meeting:

	Amount
Proposed appropriation	
Profit for the year	59,963
Total	**59,963**

Appropriation to:	
Goodwill reserve	14,399
Prior year losses	8,594
Dividend	36,970
Total	**59,963**

Limitations on the distribution of dividends

The Company is obliged to transfer 10% of the profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders. At the date of preparation of these financial statements, the mandatory legal reserve had been duly set aside

Once the legal or the company bylaw requirements have been met, dividends may only be distributed against profit for the year or against freely distributable reserves if the value of equity is not lower than share capital or would not be caused to be less than share capital by the distribution of dividends. Accordingly, profit recognized directly in equity may not be distributed either directly or indirectly. Where losses exist from previous years that reduce the Company's equity to below the amount of share capital, profit must be allocated to offset these losses.

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. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

The main recognition and measurement accounting policies applied in the preparation of these financial statements are as follows:

Intangible assets

Intangible assets are measured at cost of acquisition or production, less accumulated depreciation and any impairment losses. Intangible assets with indefinite useful lives are not amortized but are subject to an impairment test at least annually and whenever there are indications. An intangible asset is recognized as such only if it is likely to generate future income for the Company and its cost can be reliably measured.

The financial expenses of specific or generic funding of assets with installation periods exceeding one year accrued before the assets are put to use are included in the acquisition or production cost.

In each case, the Company assesses the intangible asset's useful life to be either finite or indefinite.

Those that have finite useful lives are amortized over their estimated useful lives, and their recoverability is analyzed when events or changes arise that indicate that the net carrying amount might not be recoverable. Amortization methods and periods are reviewed at year end and adjusted prospectively where applicable.

Goodwill

Upon acquisition, goodwill is initially measured at cost, being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, less the liabilities assumed.

Goodwill is not amortized. Instead, cash-generating units to which goodwill has been assigned at the acquisition date are tested for impairment at least annually, and any impairment loss is recognized accordingly.

Goodwill impairment losses cannot be reversed in future periods.

Computer software

This includes the amounts paid for title to or the right to use computer programs; those developed in-house are included only when they are expected to be used over several years.

Computer software maintenance costs are expensed directly in the year in which they are incurred.

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

Concessions, patents and trademarks

These relate mainly to trademarks and concessions for television channels. The "Cuatro" trademark and the "Cuatro" multiplex operators' license were identified in the Sogecuatro Group purchase price allocation price. 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.

Audiovisual property rights

The following intangible assets are recognized under this heading:

Property rights on external audiovisual production

These rights are initially recognized at their acquisition price. If they are acquired in closed packages and the breakdown of the individual value of each product is not provided, individual values are calculated based on a weighting factor equivalent to the acquisition cost of products of a similar type and category, as if the acquisition were made on an individual basis. If the contract stipulates the individual value of each product/title, this is taken directly as the asset value.

The right is recognized at the time the material becomes available for broadcasting pursuant to the contract, and is recognized under "Customer Advances" until it becomes available for broadcasting. In the case of several rights associated with a single contract that become available during the same year but on different dates, the Company recognizes the inclusion of the rights under the contract on the date on which the first right is available for broadcasting.

These rights are amortized based on the number of screenings, as follows:

1. Films and TV movies (non-series)

* Contractual rights for two screenings:

First screening: 50% of acquisition cost

Second screening: 50% of acquisition cost

* 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 above percentages, is amortized on the basis of the buyer's territorial capacity to distribute the television signal. A cost of goods sold is recognized based on the revenues generated in the territory where the screening has been sold and adjustments are made to the unsold value of the screening in question.

When audience figures for first screenings or channel programming indicate that the net carrying amount is not in line with the estimated real value, specific impairment provisions are recognized for each product or right.

In-house series production rights

These include productions that the Company, as the owner, may both broadcast and subsequently sell.

Their value includes both the costs incurred directly by the Company and recorded in the line "Work performed by the entity and capitalized" of the Income Statement, and the amounts billed by third parties.

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

Amortization is based on the screenings, as follows:

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

  First screening: 100% of the amortizable double value

- Series of 60 minutes or more and/or broadcast weekly

  First screening: 90% of the amortizable value

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

In addition, the residual values of broadcasting rights over three years old, from the date of recording of the assets, are written off.

When audience figures for first screenings or channel programming indicate that the net carrying amount is not in line with the real estimated value, each specific product or right is amortized.

Distribution rights

These include the rights acquired by the Company for use in all windows in Spanish territory.

The cost of the right is that stated 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 used and an estimate of future revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified under "Audiovisual Property Rights."

In the free-to-air window, the amortization of the rights is recognized in the same way as in the case of audiovisual property rights, as detailed in the corresponding note.

Coproduction rights

These include the coproduction rights acquired by the Company for use in all windows.

The cost of the right is that stated 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 used and estimated revenue from each window.

When the free-to-air broadcasting or right commences, it is reclassified under "Audiovisual Property Rights."

In the free-to-air window, the amortization of the rights is recognized in the same way as in the case of audiovisual property rights, as detailed in the corresponding note.

Rights: options, scripts, development

Necessary expenses to analyze and develop new projects are recognized under this heading. Scripts acquired are measured at cost.

When a right to a production to which it is associated commences, the right is reclassified to the related rights account and amortized accordingly.

Master copies and dubbing

Master copies refer to the media supporting the audiovisual rights and dubbing to the cost of dubbing original versions.

These are measured at cost and amortized in the same proportion as the audiovisual rights with which they are associated.

Retransmission rights

The costs for the rights to broadcast sport are recognized under "Procurements" on the income statement at the cost stipulated in the agreement. The costs are recognized when each event is broadcast. Advance payments are recognized in the balance sheet under "Current assets – Other current assets."

Property, plant and equipment

Property, plant and equipment are initially measured at either acquisition or production cost.

Following initial measurement, they are stated at cost less accumulated depreciation and any impairment losses.

The financial expenses of specific or generic funding of assets with installation periods exceeding one year accrued before the assets are put to use are included in the acquisition or production cost.

When, based on an analysis of the nature and conditions of a lease agreement, all risks and rewards incidental to ownership of the leased item are considered to be substantially transferred to the Company, the agreement is classified as a financial lease. Therefore, the ownership acquired through these financial leases is measured, based on its nature in the PPE, at an amount equivalent to the lower of its fair value and the present value of the minimum payments set forth at the beginning of the lease agreement, minus the accumulated depreciation and any impairment loss. There were no finance lease agreements at year end 2014 and 2013.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are recognized in the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalized as an increase in the value of the item.

Depreciation expenses are recognized in the income statement. The elements of this item are depreciated from the time in which they are available to be brought into service. Property, plant and equipment are depreciated by the straight-line method during the following years of estimated useful life:

	Ratio
Buildings	4 %
TV equipment	20 %
Fixtures	10 %
Tools	20 %
Automobile-related material	14-15 %
Furniture	10 %
Data-processing equipment	25 %
Other items of property, plant, and equipment	20 %

The Company reviews the assets' residual value, useful lives and the depreciation methods of property, plant and equipment at year end and adjusts them prospectively where applicable.

Impairment of non-current non-financial assets

The Company assesses at least at each year end whether there is an indication that a non-current asset or, where applicable, a cash-generating unit may be impaired. If any such indication exists, and in all events when goodwill or intangible assets have indefinite useful lives, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of the fair value less cost to sell and the value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk-free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows largely independent of those from other assets or groups of assets, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment loss and its reversion are recognized in the income statement. Impairment loss is reversed only if the circumstances giving rise to it have ceased to exist, except those related to goodwill. The reversal is limited to the carrying amount that would have been determined had no impairment loss been recognized for the asset.

Goodwill and intangibles with indefinite lives are tested for impairment by determining the recoverable amount of the cash-generating unit to which they relate. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized.

Financial instruments

Financial assets

A) Recognition and measurement

Financial instruments are classified into one of the following categories for measurement purposes:

1. Loans and receivables

2. Held-to-maturity investments

3. Financial assets held for trading

4. Other financial assets at fair value through profit or loss

5. Investments in group companies, joint ventures and associates

6. Available-for-sale financial assets

Financial assets are initially recognized at fair value. Unless there is evidence to the contrary, fair value is the transaction price. The transaction price is equivalent to the fair value of the consideration paid plus directly attributable transaction costs, except, for financial assets held for trading and other financial assets at fair value through profit or loss, directly attributable transaction costs are recognized directly in the income statement of the year in which the financial asset is acquired. In addition, for financial assets held for trading and available-for-sale financial assets, preferential subscription and any similar rights acquired will be part of the initial measurement.

a.1) Loans and receivables

Loans and receivables comprise financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business. The category also includes credits from non-commercial operations, which are defined as financial assets that, in addition to not being equity instruments or derivatives, have no commercial substance, have fixed or determinable payments and are not traded on an active market. This category does not include financial assets for which the Company might not substantially recover all of its initial investment due to circumstances other than credit impairment.

Following initial recognition, financial assets included in this category are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade receivables that mature within less than one year with no contractual interest rate, as well as advances and loans to personnel, dividends receivable and called-up payments on equity instruments, the amount of which is expected in the short term, are carried at nominal value both at initial and subsequent remeasurement, when the effect of not discounting cash flows is not significant.

Loans and receivables maturing in less than twelve months as of the balance sheet date are classified as current, and those maturing at over 12 months as non-current.

a.2) Held-to-maturity investments

Held-to-maturity investments include debt instruments with fixed maturities and fixed or determinable payments traded on active markets, and which the Company has the positive intention and the financial capacity to hold to maturity.

Following initial recognition, financial assets included in this category are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

a.3) Financial assets held for trading

A financial asset is considered to be held for trading when:

a) It is originated or acquired to be sold in the short term.

b) It is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking.

c) It is a derivative financial instrument, providing that is not a financial guarantee contract and has not been designated as a hedging instrument.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year.

a.4) Other financial assets at fair value through profit or loss

This category includes hybrid financial instruments, when it is not possible to separately measure the value of the embedded derivative or to reliably determine its fair value, either at the time of acquisition or at a subsequent date, or, when so elected, at the time of initial recognition, because the instrument has been measured at fair value.

This category also includes all financial assets that the Company has designated, at the time of initial recognition, for inclusion. This designation is only made when it results in more relevant information, because:

a) It eliminates or significantly reduces inconsistencies in recognition or valuation that otherwise would exist due to the measurement of assets or liabilities or due to the recognition of losses or gains thereon through the application of different criteria.

b) A group of financial assets or financial assets and liabilities is managed, and the return thereon is evaluated on the basis of the assets' fair value, according to a documented investment or risk-management strategy, and, in addition, information regarding the Group is provided on a fair-value basis to the key management personnel.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year.

a.5) Investments in Group companies, joint ventures, and associates

This category includes equity investments in companies in which the entity exercises control (group companies), joint control via by-law resolutions or contractual arrangements with one or more partners (jointly controlled entities) or has significant influence (associates).

Upon initial recognition in the balance sheet, the investments are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid.

Investments in Group companies are recognized, where applicable, based on accounting principles for transactions with group companies and those used for determining the cost of business combinations in accordance with the accounting policy governing business combinations.

When an investment is newly classified as a group company, joint venture or associate, the carrying amount of that investment immediately prior to its new classification is taken as the cost of that investment. If applicable, any unrealized value adjustments to the investment which have been previously recognized directly in equity are left in equity until the investment is either sold or impaired.

Following initial measurement, these financial assets are measured at cost, less any accumulated impairment loss.

When a value must be assigned to these assets because they are derecognized or for another reason, the homogenous-groups weighted average cost method is applied, with homogenous groups understood to be those that have the same rights. Where preferential subscription or similar rights are sold or separated for the purpose of being exercised, the cost of these rights decreases the carrying amount of the respective assets.

a.6) Available-for-sale financial assets

This category includes debt securities and equity instruments of other companies not classified in any of the preceding categories.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes in fair value are recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is recognized in the income statement. However, impairment losses and foreign exchange gains, and losses on monetary assets denominated in foreign currency are recognized in the income statement. Interest, calculated according to the effective interest rate method and dividend income are also recognized in the income statement.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost, less any cumulative impairment. When a value must be assigned to these assets because they are derecognized or for another other reason, the homogenous-groups weighted average cost method is applied, with homogenous groups understood to be those that have the same rights. Where preferential subscription or similar rights are sold or separated for the purpose of exercising being exercised, the cost of these rights decreases the carrying amount of the respective assets. This amount is the fair value or the cost of the rights consistent with the measurement of the associated financial assets.

B) Interest and dividends received from financial assets

Interest and dividends from financial assets accrued subsequent to acquisition are recognized as income. Interest must be recognized using the effective interest rate method; dividends are recognized when the right to receive them is established.

For these purposes, financial assets are recognized separately on initial measurement, based on maturity, accrued explicit interest receivable at that date and the proposed dividends at the time the assets are acquired. For these purposes, explicit interest refers to the contract interest rate applied to the financial instrument.

In addition, when distributed dividends are derived unmistakably from profit generated prior to the date of acquisition given that the amounts of distributed dividends exceeded the profit generated by the associate since acquisition, the dividends are not recognized as income and decrease the cost of the investment.

C) Impairment of financial assets

At year end, the Company evaluates if its financial assets or group of financial assets are impaired.

Financial assets recognized at amortized cost (receivables and investments held to maturity)

Valuation adjustments are made, provided that there is objective evidence that the value of a financial asset, or group of financial assets, recognized at amortized cost has suffered an impairment loss as a result of one or more events that have occurred after their initial recognition causing a reduction or delay in estimated future cash flows.

The impairment loss on these financial assets is the difference between their carrying value and the present value of the future cash flows expected to be generated, minus the effective interest rate calculated at the time of their initial recognition. For financial assets with floating interest rates, the effective interest rate corresponding to the balance sheet date is used, in accordance with the contractual conditions. To calculate the impairment losses of a group of financial assets, models based on statistical methods or formulas are used. For investments held to maturity as a substitute for the present value of future cash flows, the market value of the instrument may be used, provided that it is sufficiently reliable to be considered representative of the value that the Company might recover.

Impairment losses, as well as the reversion thereof when the amount of the loss diminishes for reasons related to a subsequent event, are recognized as revenue or expense, respectively, in the income statement. The reversal of an impairment is limited to the carrying value of the credit that would have been recognized on the reversal dates had no impairment loss been recognized.

Investments in Group companies, joint ventures and associates

When there is objective evidence that the carrying amount of an investment will not be recoverable, the required valuation adjustments must be made.

The valuation adjustment is the difference between the carrying amount of the investment and the recoverable amount, which is the greater of the investment's fair value, less costs to sell and the present value of future cash flows derived from the investment. Unless better evidence of the recoverable amount of the investments is available, impairment of this type of asset has been estimated taking into account the equity of the subsidiary, adjusted by any unrealized capital gain existing on the measurement date.

Unless financial support has been promised to the investee, no provisions are set aside in excess of the value of the investment.

Impairment loss and its reversion are recognized as expenses or as revenue, respectively, in the income statement. The reversal of an impairment is limited to the carrying value of the estimate that would have been recognized on the reversal dates had no impairment loss been recognized.

Available-for-sale financial assets

When there is objective evidence of a decline in the fair value of this category of financial assets due to impairment, the underlying capital losses recognized as "Unrealized gains (losses) reserve" in equity are taken to the income statement.

The reversal of an impairment loss is recognized in the income statement. Such reversal is limited to the carrying amount of the financial asset that would have been recognized on the reversal date had no impairment loss been recognized.

D) Derecognition of financial assets

The Company derecognizes all or part of a financial asset when the contractual rights to related cash flows expire or are transferred. In such cases, substantially all of the risks and rewards of ownership must be assigned, under circumstances that are evaluated by comparing the Company's exposure before and after the transfer with the variability in the amounts, and the timing of the net cash flows of the transferred asset.

If the Company has not transferred or retained substantially all of the risks and rewards, the financial asset is derecognized if control over the asset has not been retained. The situation is determined in accordance with the transferee's capacity to transfer the asset. If control over the asset is retained, the Company continues to recognize it to the extent to which it is exposed to the changes in the value of the transferred asset, i.e., due to its continuing involvement, and the associated liability is also derecognized.

When the financial asset is derecognized, the difference between the consideration received, net of attributable transaction costs, including any new financial asset obtained less any liability assumed, and any cumulative gain or loss directly recognized in equity, determines the gain or loss generated upon derecognition and is included in the income statement in the year to which it relates.

The Company does not derecognize financial assets and it recognizes a financial liability for an amount equal to the compensation received in the transfers of financial assets in which it has retained substantially the risks and rewards incidental to ownership, such as discounted bills, recourse factoring, disposals of financial assets under repurchase agreements at fixed prices or sale price plus interest, and securitizations of financial assets in which the company, as transferor, retains subordinated debt or other types of guarantees that substantially absorb estimated losses.

Financial liabilities

A) Recognition and measurement

The Company classifies its financial liabilities into the following categories:

1. Trade and other payables

2. Financial liabilities held for trading

3. Other financial liabilities at fair value through profit or loss

Financial liabilities are initially measured at fair value, which, unless there is evidence to the contrary, is equivalent to the fair value of the consideration received. For financial liabilities included in trade and other payables, directly attributable transaction costs are part of the initial recognition; for other financial liabilities, these costs are recognized in the income statement. Liabilities maturing in less than twelve months as of the balance sheet date are classified as current, and those maturing at over twelve months as non-current.

a.1) Trade and other payables

Trade and other payables comprises financial liabilities arising from the purchase of goods and services in the ordinary course of the Company's business. The category also includes non-trade payables, which are defined as financial liabilities that, in addition to not being derivative instruments, have not commercial substance.

Upon initial recognition in the balance sheet, they are recognized at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by directly attributable transaction costs.

Following initial recognition, financial assets included in this category are measured at amortized cost. Interest is recognized in the income statement using the effective interest rate method.

Nevertheless, trade payables maturing within less than one year with no contractual interest rate, as well as called-up payments on shares the amount of which is expected in the short term are carried at nominal value, both in the initial recognition and in the subsequent recognition, when the effect of not discounting cash flows is not significant.

a.2) Financial liabilities held for trading:

A financial liability is considered to be held for trading when:

a) It is issued primarily for the purpose of being repurchased in the short term.

b) It forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit taking.

c) It is a derivative financial instrument, providing that is not a financial guarantee contract and has not been designated as a hedging instrument.

Financial liabilities are initially measured at fair value, which, unless there is evidence to the contrary, is equivalent to the fair value of the consideration received. Directly attributable transaction costs are directly recognized in the income statement.

After initial recognition, these assets are measured at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year end 2014 and 2013.

a.3) Other financial liabilities at fair value through profit or loss

This category includes hybrid financial instruments, when it is not possible to separately measure the value of the embedded derivative or to reliably determine its fair value, either at the time of acquisition or at a subsequent date, or, when so elected, at the time of initial recognition, because the financial instrument has been measured at fair value.

This category also includes all financial liabilities that the Company has designated, at the time of initial recognition, for inclusion. This designation is only made when it results in more relevant information, because:

a) It eliminates or significantly reduces inconsistencies in recognition or valuation that otherwise would exist due to the measurement of assets or liabilities or due to the recognition of losses or gains thereon by applying different criteria.

b) A group of financial liabilities or financial assets and liabilities is managed, and the return thereon is evaluated on the basis of its fair value, according to a documented investment or risk-management strategy, and, in addition, information regarding the Group is provided on a fair-value basis to the key management personnel.

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year end 2014 and 2013.

B) Derecognition of financial liabilities

The Company derecognizes a financial liability when the obligation under the liability is extinguished. And it also proceeds to derecognize its own financial liabilities that it acquires, even with a view to reselling them in the future.

When debt instruments are exchanged, provided that their contractual terms are substantially different, the original financial liability is derecognized and the new financial liability is recognized. Financial liabilities whose contractual terms are substantially modified are treated in the same way.

The difference between the carrying amount of the derecognized financial asset (or part of it) and the compensation paid, including any attributable transaction costs, which also includes any new asset transferred other than cash or liability assumed, is recognized in the income statement in the year to which it relates.

When debt instruments are exchanged whose contractual terms are not substantially different, the original financial liability is not derecognized, and the commissions paid are recognized as an adjustment to the carrying amount. The amortized cost of a financial liability is determined by applying the effective interest rate, which is the rate the makes the carrying amount of the financial liability on the modification date equal to the cash flows to be paid as per the new terms.

Financial derivatives and hedges

Cash flow hedges are hedges to exposure to variability in cash flows attributable to a specific risk associated with a recognized asset or liability or to a highly probable forecast transaction that may affect the income statement. The effective portion of the gain or loss on the hedge instrument is recognized directly in equity, whereas the ineffective portion is recognized in the income statement.

The amounts recognized in equity are transferred to the income statement when the hedged transaction affects profit or loss, as well as when financial expense or revenue is recognized, or when a forecast sale or purchase takes place.

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

If the forecast transaction is no longer expected to take place, the amounts previously recognized in equity are transferred to the income statement. If a hedge instrument expires, is sold, terminates or is exercised without being replaced or renegotiated, or its designation as a hedge is revoked, the amounts previously recognized in equity continue to be recognized under that heading until the transaction occurs. If the related transaction is not expected to take place, the amount is recognized in the income statement.

The Company's financial derivatives at December 31, 2014 and 2013 were classified as held for trading, with gains or losses recognized in profit or loss.

Non-current assets held for sale

The Company classifies as "Non-current assets held for sale" assets whose carrying amount is expected to be realized through a sale transaction, rather than through continuing use, when the following criteria are met:

- When they are immediately available for sale in their present condition, subject to the normal terms of sale; and
- Their sale is highly likely.

Non-current assets held for sale are accounted for at the lower of their carrying amount and fair value less cost to sell, except deferred tax assets, assets arising from employee benefits, and financial assets which do not correspond to investments in Group companies, joint ventures and associates, which are measured according to specific standards. These assets are not depreciated and, where necessary, the corresponding impairment loss is recognized to ensure that the carrying amount does not exceed fair value less cost to sell.

Treasury shares

Treasury shares are recognized in equity as a decrease in "Capital and reserves" when acquired. No loss or gain is shown in the income statement on sale or cancelation. Expenses incurred in connection with transactions with treasury shares are recognized directly in equity as a decrease in reserves.

Inventories

In-house production programs which are broadcast daily are recognized as inventories. These programs are recognized at production cost, which is determined by considering all costs attributable to the product which are incurred by the Company.

Advances paid for programs are also included.

They are expensed when the related programs are broadcast.

When the net realizable value of inventories is less than acquisition or production cost, the corresponding provision is recognized in the income statement.

Cash and cash equivalents

This heading includes cash, current accounts, short-term deposits and purchases of assets under resale agreements that meet the following criteria:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the Company's standard cash management strategy.

In terms of the cash flow statement, occasional bank overdrafts used as part of the Company's cash management strategy are recognized as a decrease in cash and cash equivalents.

Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a present obligation (derived from a contract or a legal provision or from an explicit or implicit obligation) as a result of past events, and a quantifiable outflow of resources is likely to be required to settle the obligation.

Provisions are measured at the present value of the best estimate of the amount that an entity would have to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time, with provision discount adjustments recognized as a finance cost as they accrue. No discounts are made on provisions falling due within twelve months that do not have a significant financial effect. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Compensation receivable from a third party when provisions are settled is recognized as an asset, albeit not deducted from the amount of the provision, and provided that there is no doubt that this compensation will actually be received, and that it does not exceed the amount of the liability recognized. When a contractual or legal relationship exists by virtue of which the Company is required to externalize the risk, and thus it is not liable for the related obligation, the amount of the reimbursement is deducted from the amount of the provision.

In addition, contingent liabilities are considered to be possible obligations that arise from past events whose materialization depends on the occurrence of future events not wholly within the Company's control, as well as present obligations arising from past events regarding which it is not probable that an outflow of resources will be required to settle them or which cannot be reliably measured. Contingent liabilities are not recognized in the financial statements but are disclosed in the accompanying notes, unless the likelihood of an outflow of resources is considered remote.

Equity-settled transactions

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

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

The granting of Company shares to the other executive directors and directors of group companies is recognized in the financial statements by increasing the value of the investment of said subsidiaries.

Transactions in foreign currency

The financial statements are presented in thousands of euros, which is the Company's functional currency.

Monetary items

Transactions in foreign currency are initially recognized at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the balance sheet date. All exchange gains or losses arising from translation as well as those arising when balance sheet items are settled are recognized in the income statement.

Non-monetary items

Non-monetary items measured at historical cost are translated at the exchange rate prevailing on the date of the transaction.

Non-monetary items measured at fair value are translated at the exchange rate prevailing when the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss is recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in the income statement.

Income tax

Since 1999, the Company has filed its income tax return on a consolidated basis with two of its subsidiaries: Grupo Editorial Tele 5, S.A.U. and Estudios Picasso Fábrica de Ficción, S.A.U. In 2000, Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U., Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A., and Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A. were included in the consolidated tax group.

In 2001, Digitel 5 Media, S.A.U. was included.

In 2002, Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. and Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U. were included.

In 2004, Micartera Media, S.A.U. was included.

In 2004, due to the merger by absorption of Agencia de Televisión Latinoamericana de Servicios y Noticias Andalucía S.A., Agencia de Televisión Latinoamericana de Servicios y Noticias Levante S.A., and Agencia de Televisión Latinoamericana de Servicios y Noticias Galicia, S.A. into Agencia de Televisión Latinoamericana de Servicios y Noticias Cataluña, S.A.U., which subsequently changed its business name to Atlas Media, S.A.U., the acquirees ceased to exist.

In 2005, Publiespaña, S.A.U., Publimedia Gestión, S.A.U., and Advanced Media, S.A.U. were included.

In 2006, Digitel 5 Media, S.A.U. was excluded, since a resolution had been passed in July 2006 to dissolve and liquidate it.

In 2007, Mediacinco Cartera, S.L. was included and Estudios Picasso Fábrica de Ficción, S.A.U. changed its company name to Telecinco Cinema, S.A.U.

In 2008, Conecta 5 Telecinco, S.A.U. was included.

In 2009, Canal Factoría de Ficción, S.A.U. was included.

In 2010, Advanced Media, S.A.U. was excluded as on March 26, 2010 it was agreed to dissolve and liquidate the company.

In 2011, Sogecable Media, S.L.U and Sogecable Editorial, S.L.U. were included. As a result of the merger of Agencia de Televisión Latinoamericana de Servicios and Noticias España, S.A.U., it no longer form part of the tax group.

Premiere Megaplex, S.A.U. was included in 2012; due to their dissolution and liquidation, Atlas Media, S.A.U., Mi Cartera Media, S.A.U., and Canal Factoría de Ficción, S.A.U. were excluded.

In 2013, Integración Transmedia, S.A.U. was included.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognized deferred tax assets and liabilities. The corresponding tax expense is recognized in the income statement, except when it relates to transactions recognized directly in equity, in which case the corresponding tax expense is recognized in equity, and in business combinations in which is recorded as other assets and liabilities of the acquired business.

Deferred income tax is recognized on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in "Deferred tax assets" or "Deferred tax liabilities" on the balance sheet, as applicable.

Deferred tax liabilities are recognized for all temporary differences, except where disallowed by prevailing tax legislation.

The Company 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 future taxable profit will be available against which these assets may be utilized, except where disallowed by prevailing tax legislation.

For business combinations in which deferred tax assets have not been accounted for separately at initial recognition because they do not meet the criteria, the deferred tax assets which are recognized during the measurement period and which arise from new information regarding matters and circumstances existing at the acquisition date will require an adjustment of the related goodwill. After the abovementioned measurement period, or as a result of new information regarding matters and circumstances existing at the acquisition date, they are written off or recognized directly in equity, depending on the applicable accounting policy.

At each financial year end, the Company assesses the deferred tax assets recognized and those that have not yet been recognized. Based on this analysis, the Company derecognizes the asset recognized previously if it is no longer probable that it will be recovered, or it recognizes any deferred tax asset that had not been recognized previously, provided that it is probable that future taxable profit will be available against which these assets may be utilized.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

Income and expenses

Revenue and expenses are recognized when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

Income from sales and services

Revenue is recognized according to the economic substance of the transaction.

Income is recognized when it is probable that the profit or economic benefits from the transaction will flow to the Company and the amount of income and costs incurred or to be incurred can be reliably measured.

Revenue from the sale of goods or the rendering of services is measured at the fair value of the consideration received or receivable stemming from those goods or services, less any discounts, rebates and similar items given by the company, as well as indirect taxes on transactions reimbursed by third parties. Interest included in trade receivables maturing in not more than one year that have no contractual rate of interest is included as an increase in value of the revenue, because the effect of not discounting cash flows is not significant.

Leases

Leases in which the lessor maintains a significant portion of the risks and benefits of ownership of the leased asset are treated as operating leases. Payments or collections carried out under contracts of this type are recognized in the income statement throughout the period of the lease on an accrual basis.

Business combinations

Business combinations, understood as operations in which the Company acquires control of one or more businesses, are recognized using the purchase method. Under the purchase method, assets acquired and liabilities assumed are recognized, at the acquisition date, at fair value, provided that this value can reliably measured. In addition, the difference between the cost of the business combination and the value of these assets and liabilities is recognized, in the income statement, as goodwill, when the difference is positive, or as income, when the difference is negative. The criteria contained in the section on intangible assets of these Notes apply to goodwill.

Provisional values are used to measure business combinations when the necessary valuation process has not been completed prior to the financial year end. These values should be adjusted within a year from the date of acquisition. Adjustments recognized to complete initial measurement are made retroactively, thus the resultant values are those which would have been stated initially had the information been available, and therefore the comparative figures are restated.

The cost of a business combination is determined by the sum of:

a) The fair values on the acquisition date of the assets received, the liabilities incurred or assumed, and the equity instruments issued by the acquirer. Nonetheless, when the fair value of the business acquired is more reliable, this value is used to estimate the fair value of the compensation paid.

b) The fair value of any contingent compensation which depends on future events or the fulfillment of certain conditions. Such compensation must be recognized as an asset, a liability or equity depending on its nature.

Under no circumstances is the cost of the business combination to include expenses related to the issuing of equity instruments or financial liabilities exchanged for assets acquired; these must be recognized according to the standard on financial instruments.

Other fees paid to legal advisors or other professionals involved in the transaction are recorded as an expense in the income statement. Under no circumstances are internal expenses generated as a result of any of these concepts to be included in the cost of the business combination. Likewise, those incurred by the acquiring entity related to the business combination are not to be included.

Generally, unless there is a more reliable valuation, the fair value of equity instruments or financial liabilities which are provided as compensation for a business combination is the quoted price if these instruments are quoted on an active market. If this is not the case, in the specific case of a merger and spin-off, the fair value is the value given to the shares or participation in the acquiring company when determining the corresponding exchange ratio.

When the carrying amount of the assets provided by the acquirer as compensation is not the same as their fair value, if applicable, the related difference is recognized in the income statement.

Related-party transactions

Related-party transactions are measured according to the valuation methods described above.

The prices of related-party transactions are adequately documented; hence the Company's Directors consider there to be no risk of significant liabilities arising from these.

In mergers, the acquiree's assets and liabilities are measured at the related amount in the Group's consolidated financial statements.

If no consolidated financial statements exist, or if the consolidated financial statements were prepared according to IFRS, rather than Spanish GAAP, acquired assets are carried at the amount at which they are stated in the transferring company's separate financial statements.

Classification of current and non-current assets and liabilities

Assets and liabilities are classified in the balance sheet as current and non-current. Accordingly, assets and liabilities are classified as current when they are associated with the Company's operating cycle and it is expected that they will be sold, consumed, realized or settled within the normal course of that cycle; if they differ from the aforementioned assets, and are expected to mature, to be sold or settled within one year; if they are held for trading or are cash and cash equivalents whose use is not restricted to one year.

Audiovisual rights, classified as intangible assets, are included in full as non-current assets. Note 6 details those which the Company expects to use within a period of less than 12 months.

Environmental issues

In view of the business activities carried out by the Company, 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.

Termination benefits

In accordance with prevailing labor legislation, the Company is required to pay indemnities to employees who are dismissed under certain circumstances. Reasonably quantifiable indemnity payments are recognized as an expense in the year in which the Company creates a valid expectation on the part of the affected third parties that the dismissals will occur.

5. PROPERTY, PLANT AND EQUIPMENT

The breakdown and movements in property, plant and equipment in 2014 and 2013 are as follows:

2014	01/01/14	Additions	Disposals	Transfers	12/31/14
Cost					
Land	14,970	-	-	-	14,970
Buildings	37,787	76	-	125	37,988
TV equipment, plant and tools	96,750	2,404	(3,771)	1,113	96,496
Furniture and fixtures	4,345	136	(205)	-	4,276
Data processing equipment	15,081	900	(569)	274	15,686
Other PP&E	547	19	(33)	-	533
Property, plant, and equipment under construction	978	2,995	-	(1,512)	2,461
Total	**170,458**	**6,530**	**(4,578)**	**-**	**172,410**
Accumulated depreciation					
Buildings	(23,060)	(1,524)	-	-	(24,584)
TV equipment, plant and tools	(82,517)	(4,037)	3,758	-	(82,796)
Furniture and fixtures	(3,006)	(258)	203	-	(3,061)
Data-processing equipment	(12,239)	(1,572)	567	-	(13,244)
Other PP&E	(482)	(25)	33	-	(474)
Total	**(121,304)**	**(7,416)**	**4,561**	**-**	**(124,159)**
Net carrying amount	49,154				48,251

2013	01/01/13	Additions	Disposals	Transfers	12/31/13
Cost					
Land	14,970	-	-	-	14,970
Buildings	37,551	88	-	148	37,787
TV equipment, plant and tools	95,237	1,834	(1,234)	913	96,750
Furniture and fixtures	4,224	300	(179)	-	4,345
Data processing equipment	15,266	723	(1,132)	224	15,081
Other PP&E	600	27	(80)	-	547
Property, plant, and equipment under construction	903	1,360		(1,285)	978
Total	**168,751**	**4,332**	**(2,625)**	**-**	**170,458**
Accumulated depreciation					
Buildings	(21,543)	(1,517)	-	-	(23,060)
TV equipment, plant and tools	(79,484)	(4,260)	1,227	-	(82,517)
Furniture and fixtures	(2,918)	(263)	175	-	(3,006)
Data-processing equipment	(11,779)	(1,567)	1,107	-	(12,239)
Other PP&E	(527)	(34)	79	-	(482)
Total	(116,251)	(7,641)	2,588	-	(121,304)
Net carrying amount	52,500				49,154

Additions in 2014 and 2013 are due primarily to the acquisition of plant for the Company to continue its business. Decreases in 2014 and 2013 relate primarily to idle and fully depreciated assets that the Company has eliminated from its balance sheet.

At December 31, 2014 and 2013, the amounts of fully depreciated assets still in use are as follows:

	2014	2013
Data processing equipment	9,039	8,682
TV equipment, plant, and tools	69,515	71,409
Other PP&E	4	4
Furniture and fixtures	2,193	2,160
	80,751	**82,255**

In 2014, the Company did not acquire of items of property, plant, and equipment from group companies.

The Company 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.

Operating leases

Amounts recognized under "Operating leases" are as follows:

Thousand of euros

	2014	2013
Operating lease payments recognized as loss/profit for the year (Note 18.d)	640	659
	640	**659**

The Company's future lease payments fall due within a year and are for similar amounts to those assumed during the year.

6. INTANGIBLE ASSETS

The breakdown and movements in intangible assets in 2014 and 2013 are as follows:

2014	01/01/14	Additions	Disposals	Transfers	12/31/14
Cost					
Cuatro signal transmission license	85,000	-	-	-	85,000
Merger goodwill	287,979	-	-	-	287,979
Trademarks and trade names	173,997	-	-	-	173,997
Audiovisual property rights	422,713	117,742	(119,304)	3,313	424,464
Master copies and Customs	6	-	-	-	6
Dubbing and other work	13,333	2,674	(2,279)	-	13,728
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	1,265,983	51,974	(2,600)	10,111	1,325,468
Distribution rights	10,397	-	-	-	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	725	546	(217)	(993)	61
Prepayments, audiovisual property rights	2,517	2,799	-	(3,313)	2,003
Prepayments, fiction rights	5,025	4,723	-	(9,118)	630
Computer software in progress	192	253	-	(272)	173
Software	19,025	1,127	(253)	272	20,171
Total	**2,294,143**	**181,838**	**(124,653)**	**-**	**2,351,328**
Accumulated depreciation					
Trademarks and trade names	(37,655)	(8,030)	-	-	(45,685)
Audiovisual property rights	(237,674)	(123,568)	119,304	-	(241,938)
Master copies and Customs	(6)	-	-	-	(6)
Dubbing and other work	(11,492)	(2,231)	2,279	-	(11,444)
Coproduction rights	(6,712)	-	-	-	(6,172)
Fiction series rights	(1,235,864)	(64,496)	-	-	(1,300,360)
Distribution rights	(10,397)	-	-	-	(10,397)
Other auxiliary services (distribution)	(539)	-	-	-	(539)
Software	(16,319)	(1,622)	253	-	(17,688)
Total amortization	(1,556,658)	(199,947)	121,836	-	(1,634,769)
Impairment losses	**(5,151)**	**(3,587)**	**5,103**	**-**	**(3,635)**
Total	**(1,561,809)**	**(203,534)**	**126,939**	**-**	**(1,638,404)**
Net carrying amount	732,334				712,924

2013	01/01/13	Additions	Disposals	Transfers	12/31/13
Cost					
Cuatro signal transmission license	85,000	-	-	-	85,000
Merger goodwill	287,979	-	-	-	287,979
Trademarks and trade names	173,997	-	-	-	173,997
Audiovisual property rights	454,699	121,830	(155,324)	1,508	422,713
Master copies and Customs	7	-	(1)	-	6
Dubbing and other work	10,931	3,114	(712)	-	13,333
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	1,225,431	35,431	-	5,121	1,265,983
Distribution rights	10,397	-	-	-	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scripts, development	548	520	(158)	(185)	725
Prepayments, audiovisual property rights	2,549	1,485	(9)	(1,508)	2,517
Prepayments, fiction rights	190	9,771	-	(4,936)	5,025
Computer software in progress	642	851	-	(1,301)	192
Software	18,769	552	(1,597)	1,301	19,025
Total	**2,278,390**	**173,554**	**(157,801)**	**-**	**2,294,143**
Accumulated depreciation					
Trademarks and trade names	(29,625)	(8,030)	-	-	(37,655)
Audiovisual property rights	(264,971)	(128,027)	155,324	-	(237,674)
Master copies and Customs	(7)	-	1	-	(6)
Dubbing and other work	(9,426)	(2,778)	712	-	(11,492)
Coproduction rights	(6,712)	-	-	-	(6,712)
Fiction series rights	(1,195,189)	(40,675)	-	-	(1,235,864)
Distribution rights	(10,397)	-	-	-	(10,397)
Other auxiliary services (distribution)	(539)	-	-	-	(539)
Software	(16,332)	(1,584)	1,597	-	(16,319)
Total amortization	(1,533,198)	(181,094)	157,634	-	(1,556,658)
Impairment losses	(12,231)	(4,789)	11,869		(5,151)
Total	**(1,545,429)**				**(1,561,809)**
Net carrying amount	732,961				732,334

The additions relate to the acquisition of audiovisual rights for future broadcasts. The retirements mainly relate to transmission rights which have expired and which have been fully amortized; hence the Company derecognizes these from its balance sheet. Should they not be fully-amortized, losses are recognized under "Cost of sales".

Outstanding provisions at year end 2014 and 2013 correspond to the net carrying amount of rights which, while expiring later than December 31, 2014 and 2013, did not feature in the channel's future broadcasting plans at the time of these financial statements were prepared. Should one of the Company'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 income statement.

Of the total amount recognized under "Non-current assets – Audiovisual property rights" in the balance sheet at December 31, 2014, the Company estimates a 70% percentage consumption for the 12 months subsequent to year end. This estimate was based on the best information available at that date using the programming budget and comparable to 2013 for the next 12 months.

At year-end 2014, there were firm commitments to acquire audiovisual property rights available starting January 1, 2015 for a total amount of $29,475 thousand and 151,255 thousand euros. At December 31, 2014, prepayments of 2,003 thousand euros had been made in connection with said firm commitments to acquire audiovisual property rights.

At year-end 2013, there were firm commitments to acquire audiovisual property rights available starting January 1, 2014 for a total amount of $29,798 thousand and 184,008 thousand euros. At December 31, 2013, prepayments of 2,247 thousand euros and $352 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At December 31, 2014, advances paid for fiction series totaled 630 thousand euros. At December 31, 2013, these advances totaled 5,025 thousand euros.

At December 31, 2014 and 2013, the amounts of fully depreciated assets still in use are as follows:

	2014	2013
Trademarks	13,697	13,697
Software	15,688	13,999
Coproduction rights	6,712	6,712
Distribution rights	10,397	10,397
Other auxiliary services	539	539
	47,033	**45,344**

The amounts related to property, plant, and equipment items acquired from Group companies at December 31 totaled 1,157 thousand euros (2013: 2,959 thousand euros).

Impairment testing of goodwill

In accordance with accounting standards, at December 31, 2014, the Company tested its goodwill and intangibles with indefinite lives for impairment.

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

Projected income estimated for future years is calculated based on the abovementioned advertising market trend calculation, 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.

These 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.

7. INVESTMENT IN GROUP COMPANIES AND ASSOCIATES

The breakdown and movements in non-current investments in Group companies and associates in 2014 and 2013 are as follows:

2014	01/01/14	Additions	Disposals	Transfers	12/31/14
Cost					
Equity instruments	919,709	2,000	(469,649)	-	452,060
Impairment losses	(414,697)	(12,427)	85,302	-	(341,822)
Total equity instruments	505,012	(10,427)	(384,347)	-	110,238
Receivables from group companies (Note 8)	41,481	1,501	(26,105)	59,567	76,444
Impairment losses	(26,480)	(1,092)	7,799	-	(19,773)
Total group companies	**15,001**	**409**	**(18,306)**	**59,567**	**56,671**
	520,013	(10,018)	(402,653)	59,567	166,909

2013	01/01/13	Additions	Disposals	Transfers	12/31/13
Cost	919,584	125	-	-	919,709
Equity instruments	(329,505)	(86,093)	901	-	(414,697)
Impairment losses	590,079	(85,968)	901	-	505,012
Total equity instruments					
	41,724	**-**	**(243)**	**-**	**41,481**
Receivables from group companies (Note 8)	(27,760)	-	1,280	-	(26,480)
Impairment losses	13,964	-	1,037	-	15,001
Total group companies					
	604,043	(85,968)	1,938	-	520,013

7.1. Description of investments in group companies and associates

The information relating to investments in group companies and associates is as follows:

Company	12/31/14 Direct equity interest (%)	12/31/13 Direct equity interest (%)	Activity
Group companies and associates:			
Publiespaña, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 2804 Madrid	100	100	Exclusive advertising concessionaire, Mediaset España
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4, 28016 Madrid	100	100	Gaming and betting activities
Grupo Editorial Tele 5, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exploitation of rights; production, and distribution of publications
Telecinco Cinema, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Television broadcasting services and intermediation in the markets for audiovisual rights
Conecta 5 Telecinco, S.A.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Exploitation of audiovisual content on the Internet
Editora Digital de Medios, S.L. C/Condesa de Venadito, 1,3° 28027 Madrid	50	50	Digital editing, writing, and distribution of social media information on the website
60dB Entertainment, S.L.U. Avda. Diagonal, 558, 1° 08021 Barcelona	30	30	Production of audiovisual programs
Mediacinco Cartera, S.L. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	75	75	Financial management and intermediation services
BigBang Media, S.L. C/ Almagro, 3 28010 Madrid	30	30	Production, distribution, and exploitation of audiovisual rights; exploitation of industrial and intellectual property rights. Management and financial intermediation of audiovisual companies
Pegaso Televisión, Inc. Brickell Avenue, 1401 - Suite 33131 - Miami, Florida	43.71	43.71	Television stations and production of television content
Distribuidora Televisión Digital, S.A. Avda. de los Artesanos, 6 28760 Tres Cantos Madrid	-	22	Indirect management of the public pay TV service
Producciones Mandarina, S.L. C/María Tubau, 3 4°, 28050 Madrid	30	30	Production of audiovisual programs
La Fabrica de la Tele, S.L. C/Ángel Ganivet, 18, 28007 Madrid	30	30	Production of audiovisual programs
Sogecable Media, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Management and sale of advertising
Sogecable Editorial, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Management of intellectual property rights
Supersport Televisión, S.L. C/Federico Mompou, 5-BIS 28049 Madrid	30	30	Production of programs for television and internet

Information on the year ended 12/31/14								
Company	Net carrying value at 12/31/14	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Publiespaña, S.A.U.	74,436	100	601	(2,626)	51,921	49,896	71,237	51,121
Premiere Megaplex, S.A.	3,683	100	181	3,641	(3,445)	377	(4,568)	-
Grupo Editorial Tele 5, S.A.U.	120	100	120	(176)	3,856	3,800	5,505	3,467
Telecinco Cinema, S.A.U.	-	100	160	(22,815)	7,376	(15,279)	11,494	-
Conecta 5 Telecinco, S.A.U.	645	100	62	(333)	916	645	1,009	-
Mediacinco Cartera, S.L.	27,987	75	50	52,989	(15,655)	37,384	(463)	-
BigBang Media, S.L.	60	30	200	2,624	(423)	2,401	(404)	-
Pegaso Televisión, Inc. (*)	2,501	44	358	6,613	(1,249)	5,722	Data not available	Data not available
Sogecable Media, S.L.U. (*)	-	100	3	(1,376)	153	(1,220)	276	-
Sogecable Editorial, S.L.U. (*)	3	100	3	287	186	476	265	135
60Db Entertainment, S.L.U. (*)	447	30	10	306	13	329	22	-
Editora Digital de Medios, S.L. (*)	205	50	1,000	(414)	(176)	410	(176)	-
La Fábrica de la Tele, S.L.	40	30	13	4,154	4,392	8,559	6,245	1,200
Producciones Mandarina, S.L.	90	30	5	5,419	2,777	8,201	3,685	526
SuperSport Televisión, S.L	21	30	70	209	2,487	2,766	3,547	146
	110,238							

(*) Unaudited data

Information on the year ended 12/31/13								
Company	Net carrying value at 12/31/13	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Publiespaña, S.A.U.	74,436	100	601	2,374	46,121	49,096	61,911	44,879
Premiere Megaplex, S.A.	1,683	100	131	651	1,039	1,821	296	-
Grupo Editorial Tele 5, S.A.U.	120	100	120	(1,677)	4,968	3,411	7,090	5,242
Telecinco Cinema, S.A.U.	-	100	160	(23,857)	1,042	(22,655)	305	-
Conecta 5 Telecinco, S.A.U.	-	100	62	(451)	118	(271)	322	-
Mediacinco Cartera, S.L.	39,780	75	50	54,044	(1,055)	53,039	(620)	-
BigBang Media, S.L.	60	30	200	2,236	350	2,786	470	-
Pegaso Televisión, Inc. (*)	3,047	44	358	7,741	(1,128)	6,971	Data not available	Data not available
DTS Distribuidora TV Digital (**)	385,000	22	126,286	800,743	(73,935)	853,094	(65,477)	-
Sogecable Media, S.L.U. (*)	-	100	3	(1,385)	9	(1,373)	37	-
Sogecable Editorial, S.L.U. (*)	3	100	3	287	135	425	192	148
60Db Entertainment, S.L.U. (*)	439	30	10	313	(21)	302	(11)	-
Editora Digital de Medios, S.L. (*)	293	50	1,000	(134)	(280)	586	(281)	-
La Fábrica de la Tele, S.L.	40	30	13	2,441	5,716	8,170	7,937	2,826
Producciones Mandarina, S.L.	90	30	5	4,668	2,503	7,176	3,833	-
Supersport Television, S.L.	21	30	70	-	697	767	996	-
	505,012							

(*) Unaudited data

(**) Company audited by Deloitte, S.L.

The profit (loss) of the group companies and associates shown in the above table corresponds entirely to continuing operations. None of the group companies or associates is listed on the stock exchange.

The breakdown of the long term loans extended to the group companies at December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Conecta 5 Telecinco, S.A.U.	6,000	5,729
Telecinco Cinema. S.A.U.	13,221	5,845
Sogecable Media, S.L.U	380	227
Mediacinco Cartera S.L.	33,436	-
	53,037	**11,801**

Interest rates on these loans are EURIBOR plus a market spread.

The breakdown of "Loans to associates" at December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Pegaso Televisión Inc	3,634	3,200
	3,634	**3,200**

Interest rates on these loans are EURIBOR plus a market spread.

7.2 Significant movements

7.2.1. Equity instruments

a) Main changes in the year ending December 31, 2014

Sale of the investment in Distribuidora de Televisión Digital, S.A. (DTS)

On July 4, 2014, the Company sold 22% of its share capital in Distribuidora de Televisión Digital, S.A. to Telefónica de Contenidos, S.A., for 325,000 thousand euros, broken down as follows: an initial price of 295,000 thousand euros plus 30,000 thousand euros for renouncing extension or preferential acquisition rights for its investment in Prisa. This sale represented the recognition of an additional impairment in the investment totaling 60,000 thousand euros during 2014, which would be included in the 84,649 thousand euro impairment loss recognized in 2013.

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 10,000 thousand euros, when the acquisition of the PRISA'S package of shares in DTS takes place, as well as an additional amount resulting from an 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 30,000 thousand euros.

Increased investment in Premiere Megaplex, S.A.U.

The Company increased its investment in the amount of 2,000 thousand euros in order to restore Premiere Megaplex, S.A.U.'s equity. This increase was performed by offsetting loans.

a) Main changes in the year ending December 31, 2013

Acquisition of SuperSport

On July 18, 2013, the Company purchased 30% of Volare Sport, S.L.'s share capital, represented by 21,000 shares with a nominal value of 1 euro each, all of which was fully subscribed and paid in. In their extraordinary general meeting on September 9, 2013, the shareholders agreed to change this company's name to SuperSport Televisión, S.L.

7.2.2. Receivables from Group companies

Participating loan granted to Telecinco Cinema, S.A.U

The participating loans amounted to 28,500 thousand euros at December 31, 2014 and 2013. Given the situation of Telecinco Cinema, S.A.U.'s equity, provisions were recognized for those loans amounting to 15,279 thousand euros in 2014 and 22,655 thousand euros in 2013.

Participating loan to Sogecable Media, S.L.U.

During 2014, the Company had a participating loan agreement with Sogecable Media, S.L.U. amounting to 1,600 thousand euros (during 2011, it agreed to a partial conversion of this line of credit to a participating loan). 153 thousand euros of the provision was reversed (a provision of 1,463 thousand euros was recognized in 2011, decreasing the amount of the participating loan and in 2012 82 thousand euros and in 2013 8 thousand euros of the provision were reversed).

Participating loan to Conecta 5 Telecinco, S.A.U.

In 2013, the Company had a participating loan agreement with Conecta 5 Telecinco, S.A.U. amounting to 6,000 thousand euros (in 2011, it agreed to a partial conversion of this line of credit to a participating loan). 271 thousand euros of the provision was reversed (a provision of 3,374 thousand euros was recognized in 2011, decreasing the amount of the participating loan and in 2012 2,985 thousand euros and in 2013 118 thousand euros of the provision were reversed).

Long-term Mediacinco Cartera, S.L. loan.

The 142,500 thousand euro balance of participating loans in 2010 was offset in full in 2011 with the proceeds from the capital increase and the share premium agreed by shareholders of Mediacinco Cartera, S.L. in an extraordinary meeting as they considered the company had no reserves.

At December 31, 2010, the balance of this loan was 75,662 thousand euros, which was transferred to current loans as it matured on June 30, 2012. In 2012, 23,712 thousand euros of this loan were partially amortized, and its maturity date was extended to June 30, 2013, with interest at the 3-month Euribor plus a spread of 1%. The Company incorporated the interest earned until year end to the loan, which totals 4,330 thousand euros. In June 2013, the Company extended its maturity date to December 31, 2014. Accrued interest in 2013 amounted to 1,830 thousand euros.

In July of 2014, a partial payment of 26,105 thousand euros was made, and its maturity was postponed until December 31, 2016, at a 3-month Euribor rate plus market spread. The Company accrued interest totaling 1,431 thousand euros throughout 2014.

7.2.3. Loans to associated companies

Long-term loan to Pegaso Televisión, Inc.

In 2014, the long-term loan to Pegaso Television amounted to 3,634 thousand euros (3,200 thousand euros in 2013).

7.3. Impairment testing

DTS Distribuidora de TV Digital, S.A.

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

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

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

These hypotheses, depending on the general economic environment foreseen for upcoming years, include pay TV market projection and penetration forecasts, number of subscribers and operating costs as well as investments necessary to carry out future business.

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

Based on the assumptions used and the estimated cash flows calculated, the Company made an impairment provision totaling 84,649 thousand euros.

Premiere Megaplex, S.A.U.

At year end, the Company performed an impairment test on its investment in Premiere Megaplex, S.A.U.

The test was done by comparing the recoverable amount with the Company's net carrying amount. In order to perform this calculation, the estimated future cash flows were discounted based on the main foreseen trend of business parameters with regard to Premiere Megaplex, S.A.U.'s activity.

These projections cover a 4-year period, and the resultant valuation was created based on a reasonable discount rate by contemplating both the market in which the Company operates and the prevalent free risk rate at the time. Growth rates in line with the forecasted medium- and long-term trend of the sector were also taken into account for cash flows to perpetuity not considered during the projected period.

Telecinco Cinema, S.A.U.

This subsidiary is engaged in cinematographic co-productions in compliance with the legal precepts that apply to television concessionaires. Therefore, it is not possible to obtain reliably evaluate the amount recoverable either by calculating the present value of the future cash flows from the investment or by estimating dividends to be received, which depend on the number of productions made in the future, on the type of production and on their commercial success. For this reason, the Company has adjusted the valuation in accordance with the equity of the subsidiary as at year-and 2014 and

2013. Given that the value of the capital and reserves of Telecinco Cinema, S.A.U. was negative at December 31, 2011, a provision for the same amount as its negative equity was recognized for the participating loan granted to the company. In 2012 and 2013, a portion of this provision was reversed, due to the Company's business performance during the year. During 2014, a portion of this provision was reversed, for the same reason as above (Note 7.2.2).

Mediacinco Cartera, S.L.

As indicated above, Mediacinco Cartera, S.L. owns a 33% equity interest in the share capital of Edam Acquisition Holding I Cooperative U.A., the parent company of Grupo Endemol, and has no other operating activities. The company was sold in 2013.

In 2011, and considering Mediacinco's capital increase subscribed to by the Company through compensation of the participating loans to restore its equity, a provision was recognized for the shareholding in Mediacinco Cartera for the amount of the share in the investee's equity: this amount was set at 0 euros, and there have been no modifications in 2012, 2013 and 2014.

Sogecable Media, S.L.U.

Given that Sogecable Media, S.L.U. had negative equity at December 31, 2011, a provision for the same amount as its negative equity was recognized for the participating loan granted to Sogecable Media, S.L.U. In 2013 and 2014, a portion of this provision was reversed, due to the Company's business performance during those years (Note 7.2.2.).

Conecta 5 Telecinco, S.A.U.

Given that Conecta 5 Telecinco, S.A.U. had negative equity at December 31, 2011, a provision for the same amount as its negative equity was recognized for the participating loan granted to it. In 2012 and 2013, a portion of this provision was reversed, due to the Company's business performance during those years (Note 7.2.2.).

8. FINANCIAL INSTRUMENTS

8.1. Financial Assets

The breakdown of financial assets in 2014 and 2013 is as follows:

Thousands of euros

	Equity instruments		Debt securities		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	-	-	57,577	15,903	57,577	15,903
Available-for-sale financial assets	-	-	-	-	-	-
Measured at fair value	365	-	-	-	365	-
Measured at cost	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-
Total	365	-	57,577	15,903	57,942	15,903
Current financial assets						
Assets at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	-	-	247,865	269,622	247,865	269,622
Available-for-sale financial assets	-	-	-	-	-	-
Measured at fair value	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-
Non-current assets held for sale	7,932	-	-	-	7,932	-
Hedging derivatives	-	-	1,193	-	1,193	-
Total	7,932	-	249,058	269,622	256,990	269,622
	8,297	-	306,635	285,525	314,932	285,525

These amounts are disclosed in the balance sheet as follows:

Thousands of euros

	Total	
	2014	2013
Non-current financial assets		
Investments in group companies and associates		
Loans to companies (Note 19)	56,671	15,001
Non-current financial investments	1,271	902
Total	**57,942**	**15,903**
Current financial assets		
Non-current assets held for sale	7,932	-
Trade and other receivables (Note 10)	204,590	169,534
Investments in group companies and associates	43,211	99,857
Financial investments	1,257	231
Total	**256,990**	**269,622**
	314,932	285,525

a) Loans and receivables

Thousands of euros

	2014	2013
Non-current financial assets		
Loans to group companies (Notes 7 and 19)	56,671	15,001
Loans to third parties	824	824
Deposits given and prepayments	82	78
	57,577	**15,903**
Current financial assets		
Trade and other receivables (Note 10)	204,590	169,534
Loans to group companies (Note 19)	43,211	99,857
Loans to companies	-	138
Deposits given and prepayments	64	93
	247,865	**269,622**

Current receivables from Group companies

Interest rates on these loans are EURIBOR plus a market spread. Loans to Group companies consist of swap facilities.

Also included under this heading are income tax credits with Group companies stemming from the tax consolidation.

The 142,500 thousand euro balance of participating loans in 2010 was offset in full in 2011 with the proceeds from the capital increase and the share premium agreed by shareholders of Mediacinco Cartera, S.L. in an Extraordinary General Meeting as they considered the company had no reserves.

At December 31, 2010, the balance of this loan was 75,662 thousand euros, which was transferred to current loans as it matured on June 30, 2012. In 2012, 23,712 thousand euros of this loan were partially amortized, and its maturity date was extended to June 30, 2013, with interest at the 3-month Euribor plus a market spread. In June 2013 its maturity date extended to December 31, 2014.The Company incorporated the interest earned until December 31, 2013 to the loan, which totaled 6,160 thousand euros.

In July of 2014, a partial payment of 26,105 thousand euros was made, and its maturity was postponed until December 31, 2016, at a 3-month Euribor rate plus market spread, and reclassified as long-term. The Company accrued interest totaling 1,431 thousand euros throughout 2014.

b) Available-for-sale financial assets

Unlisted minority interests are included.

c) Derivatives

The Company uses derivatives to hedge its risks against foreign-currency fluctuations on the purchase of audiovisual property rights made in the year. It also hedges against foreign currency risk on commercial transactions with customers, and these transactions were recognized in the Company's balance sheet. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading."

The breakdown of the notional amounts of derivatives outstanding at the Company at December 31, 2014 is as follows:

Assets	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	1.2141	1,193

At December 31, 2013 derivative financial instruments were recognized under "Financial liabilities" (Note 8.2 b.3).

Foreign currency hedges on rights contracts are measured as the difference between the present value of the foreign currency hedge at the forward rate for the contract and the value of the foreign exchange hedge at the year-end exchange rate.

d) Non-current Assets Held For Sale

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

8.2. Financial liabilities

The breakdown of financial liabilities in 2014 and 2013 was as follows:

Thousands of euros

	Bank borrowings		Derivatives and other financial liabilities		Total	
	2014	2013	2014	2013	2014	2013
Non-current financial liabilities						
Trade and other payables	-	-	8	123	8	123
Liabilities at fair value through profit or loss	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-
	-	**-**	**8**	**123**	**8**	**123**
Current financial liabilities						
Trade and other payables	76	196	285,946	311,334	286,022	311,530
Liabilities at fair value through profit or loss	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-
Hedging derivatives	-	-	16	777	16	777
	76	**196**	**285,962**	**312,111**	**286,038**	**312,307**
	76	196	285,970	312,234	286,046	312,430

These figures are classified in the balance sheet as follows:

Thousands of euros

	Total	
	2014	2013
Non-current financial liabilities		
Borrowings	8	123
	8	**123**
Current financial liabilities		
Borrowings	75,059	61,110
Borrowings from group companies and associates (Note 19)	116,100	147,436
Trade and other payables	94,879	103,761
	286,038	**312,307**
	286,046	312,430

a) Bank borrowings

In 2014, existing credit facilities were maintained amounting to 345,000 thousand euros (360,000 thousand euros in 2013). These bear interest at EURIBOR plus a market spread in line with Company solvency. At year-end 2014, no amounts had been drawn down on existing credit facilities, which strongly bolsters available cash.

345,000 euros of these credit facilities fall due in 2015 and 2016.

b) Derivatives and other financial liabilities

b.1) Borrowings from Group companies

The interest rate on these borrowings is EURIBOR plus a market spread. Loans to Group companies consist of swap facilities. Also included under this heading are current payables for income tax payable with Group companies stemming from the tax consolidation. Note 19 provides the breakdown of these balances.

b.2) Others

The breakdown at December 31, 2014 and 2013 is as follows:

	Balance 12/31/14	Balance 12/31/13
Trade and other payables	94,879	103,761
Other financial liabilities	74,967	60,137
	169,846	**163,898**

Other financial liabilities consist of current borrowings from suppliers of audiovisual rights.

b.3) Derivatives

The Company carries out derivative transactions to hedge currency risk on the purchases of audiovisual property rights in the year and when necessary to hedge currency risk on trade transactions in other currencies with customers, which are recognized in the Company's balance sheet. As required by the corresponding measurement and recognition policy, these derivatives are classified as "held for trading."

The breakdown of the notional amounts of Company's derivatives at December 31, 2014 is as follows:

Liabilities	Notional amount/ Maturity up to one year	Amount in thousand $		Fair value
		$	(€/$) exchange rate	
Purchase of unmatured currency:				
Purchase of dollars in euros	-	-	-	-
Sale of dollars in euros	307	393	1.2141	(16)
Net	307	393	1.2141	(16)

The breakdown of the notional amounts of Company's derivatives at December 31, 2013 is as follows:

Liabilities	Notional amount/ Maturity up to one year	Amount in thousand $		Fair value
		$	(€/$) exchange rate	
Purchase of unmatured currency:				
Purchase of dollars in euros	23,481	31,212	1.3791	(777)
Sale of dollars in euros	-	-	-	-
Net	23,481	31,212	1.3791	(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.

8.3 Risk management policy

The Company's operations are exposed to different basic categories of financial risk:

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 Company's maximum exposure to credit risk at December 31, 2014 and 2013 was as follows:

	Thousands of euros	
	2014	2013
Non-current receivables from Group companies and associates	56,671	15,001
Non-current financial investments	1,271	902
Trade and other receivables	204,590	169,534
Current receivables from Group companies and associates	43,211	99,857
Current financial investments	1,257	231
Cash and cash equivalents	232,301	89,548
	539,301	**375,073**

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

Operating activities

Most of the balance of trade payables consists of operations with Group companies that, therefore, do not present a risk.

The breakdown of trade receivables (Group and third parties) at December 31, 2014 and 2013 was as follows:

	2014		2013	
	Number of customers	Thousands of euros	Number of customers	Thousands of euros
With a balance of more than 1,000 thousand euros	2	198,344	3	163,052
With a balance between 1,000 and 500 thousand euros	1	634	1	745
With a balance between 500 and 200 thousand euros	10	3,302	8	2,491
With a balance between 200 and 100 thousand euros	8	1,123	16	2,051
With a balance of less than 100 thousand euros	145	1,077	215	358
Total	**166**	**204,480**	**243**	**168,697**

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

Investing activities

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

- The investments are made with institutions (whether domestic or foreign) of recognized financial solvency.
- 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 company's senior executives and, in any event, are highly restricted (according to the amount, the Board Members, General Management and Operations Director and the Financial Director).
- Under ordinary circumstances, the longest term is three months and the investments usually offer automatically available funds.

2. Market risk

Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices.

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

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December 31, as the benchmark, we applied a variation of -10 +50 basis points for 2014 (in 2013, we applied a variation of -10 + 50).

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 (Eur)	Cash Surpluses	Annual Interest	50b.p.	Annual Interest	-10b.p.	Annual Interest
12/31/14	0.018	265,666	48	0.518	1,376	-0.082	(218)
12/31/13	0.221	30.071	66	0.721	217	0.121	36

The financial instruments exposed to EUR/USD exchange-rate risk, mainly consisting of future currency-purchase agreements, have undergone a sensitivity test at the balance sheet date.

The exposed balance sheet 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: 8.91% and 2013: 8.37%), 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 income statement, which, in any event, is not significant.

IMPORT EXCHANGE INSURANCE

12/31/2014			12/31/2013		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
21,026	1.2141	1,193	31,312	1.3791	(777)
Sensitivity Test					
21,026	1.1059	2,880	31,312	1.2637	1,293
21,026	1.3223	(219)	31,312	1.4945	(2,528)

EXPORT EXCHANGE INSURANCE

12/31/2014			12/31/2013		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
393	1.2141	(16)	-	-	-
Sensitivity Test					
393	1.1059	(48)	-	-	-
393	1.3223	10	-	-	-

3. Liquidity risk

The Company's financial structure is at a low liquidity risk, given the low level of financial leveraging and the recurrence of operational cash flow generated every year.

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

The Company'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 Company's revolving credit lines ensures that the Company is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2014, the credit lines available totaled 345,000 thousand euros (entirely available). At year-end 2013, the credit lines available totaled 360,000 thousand euros (none of which has been drawn down). 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 Company is creditworthy and sound.

The undiscounted contractual maturity dates of financial liabilities at December 31, 2014 are as follows:

Thousands of euros

	Up to 6 months	6 months - 1 year	1-5 years	More than 5 years	Total
Non-current borrowings	-	-	-	8	8
Current borrowings	74,967	92	-	-	75,059
Current borrowings from Group companies and associates	-	116,100	-	-	116,100
Trade and other payables	74,116	20,763	-	-	94,879
	149,083	**136,955**	**-**	**8**	**286,046**

The undiscounted contractual maturity dates of financial liabilities at December 31, 2013 were as follows:

Thousands of euros

	Up to 6 months	6 months - 1 year	1-5 years	More than 5 years	Total
Non-current borrowings	-	-	114	9	123
Current borrowings	60,137	973	-	-	61,110
Current borrowings from Group companies and associates	-	147,436	-	-	147,436
Trade and other payables	82,321	21,440	-	-	103,761
	142,458	**169,849**	**114**	**9**	**312,430**

The undiscounted contractual maturities of the financial assets at December 31, 2014 are as follows:

Thousands of euros

	6 months or less	6 months - 1 year	1-5 years	More than 5 years	Total
Non-current financial assets					
Loans to group companies (Note 19)	-	-	53,037	-	53,037
Loans to associates	-	-	3,634	-	3,634
Equity instruments	-	-	365	-	365
Loans to third parties	-	-	824	-	824
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	-	-	82	82
Current financial assets					
Trade and other receivables (Note 10)	199,665	4,925	-	-	204,590
Loans to group companies (Note 19)	-	43,211	-	-	43,211
Loans to third parties	-	-	-	-	-
Short-term deposits	-	-	-	-	-
Derivatives	-	1,193	-	-	1,193
Deposits given and prepayments	-	64	-	-	64
	199,665	**49,393**	**57,860**	**82**	**307,000**

The undiscounted contractual maturities of the financial assets at December 31, 2013 were as follows:

Thousands of euros

	6 months or less	6 months - 1 year	1-5 years	More than 5 years	Total
Non-current financial assets					
Loans to group companies (Note 19)	-	-	11,801	-	11,801
Loans to associates	-	-	3,200	-	3,200
Equity instruments	-	-	-	-	-
Loans to third parties	-	-	824	-	824
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	-	-	78	78
Current financial assets					
Trade and other receivables (Note 10)	163,547	5,987	-	-	169,534
Loans to group companies (Note 19)	-	99,857	-	-	99,857
Loans to third parties	-	138	-	-	138
Short-term deposits	-	-	-	-	-
Derivatives	-	-	-	-	-
Deposits given and prepayments	-	93	-	-	93
	163,547	**106,075**	**15,825**	**78**	**285,525**

8.4 Information on the average payment period to suppliers

The average payment period was 81 days (2013: 82 days).

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

9. INVENTORIES

The balances under this heading at year end are as follows:

	2014	2013
Prepayments to program suppliers	307	337
In-house production programs	1.248	4.324
Total	**1.555**	**4.661**

10. TRADE AND OTHER RECEIVABLES

The breakdown of trade and receivables in 2014 and 2013 is as follows:

	12/31/14	12/31/13
Trade receivables	4,920	5,194
Receivables from Group companies and associates (Note 19)	199,560	163,503
Other receivables	5	793
Receivables from employees	105	44
Current income tax assets (Note 15)	12,459	19,643
	217,049	**189,177**

Impairment losses:

The balance of trade receivables is shown net of impairment loss allowances. The variations in 2014 and 2013 in these impairment losses are as follows

	Thousands of euros
Cumulative impairment losses at January 1, 2013	8,323
Charge to the income statement	(813)
Cumulative impairment losses at December 31, 2013	7,510
Cumulative impairment losses at January 1, 2014	7,510
Charge to the income statement	(371)
Cumulative impairment losses at December 31, 2014	7,139

The breakdown of trade receivables denominated in foreign currency, for 2014 and 2013, is as follows:

	2014		2013	
ASSETS	Dollars	Balance in euros at 12/31/14	Dollars	Balance in euros at 12/31/13
Trade receivables	496	408	37	27

11. OTHER CURRENT ASSETS

The breakdown of this heading at December 31 is as follows:

	Thousands of euros	
	2014	2013
Prepaid expenses	12,706	11,773
	12,706	**11,773**

The amounts shown in this heading arise from retransmission rights pending broadcast.

12. CASH AND CASH EQUIVALENTS

The breakdown of "Cash and cash equivalents" at December 31, is as follows:

	Thousands of euros	
	2014	2013
Cash	58	28
Current accounts	102,240	89,520
Other cash equivalents	130,003	-
	232,301	**89,548**

"Other cash equivalents" includes a simple repo transaction (Treasury bills) totaling 130,000 thousand euros contracted on Decmer 30, 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.

Current accounts earn market interest rates. Cash and cash equivalents are unrestricted.

13. CAPITAL AND RESERVES

a) Issued capital

At December 31, 2014 and 2013 the share capital consisted of 406,861,426 shares with a value of 0.50 euros each, represented by a book-entry system. Share capital is fully subscribed and paid-up and the breakdown of ownership is as follows:

Shareholder	12.31.14	12.31.13
Mediaset S.P.A.	41,55	41,55
Promotora de Informaciones, S.A.	3,66	17,34
Free float	45,13	39,74
Treasury shares	9,66	1,37
Total	100	100

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.

Listing on the Stock Exchange:

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

b) Legal reserve

The companies are required to transfer 10% of each year's profit to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. This reserve cannot be distributed to shareholders, and may only be used to offset losses if no other reserves are available.

c) Goodwill reserve

This reserve is restricted as long as the related goodwill is recognized in the Company's balance sheet.

d) Treasury shares and equity investments

Treasury shares were acquired to meet the Company's commitments related to the compensation system, based on shares of executive directors and directors, as described in Note 17.

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

Changes under this heading in 2014 were as follows:

Thousands of euros

	Balance 12.31.13	Additions	Disposals	Balance 12.31.14
Treasury shares	73,445	307,514	9,586	371,373

The change in the number of shares during the year is detailed below:

Number of shares

	Balance 12.31.13	Additions	Disposals	Balance 12.31.14
Treasury shares	5,563,223	34,583,221	861,582	39,284,862

Changes under this heading in 2013 were as follows:

Thousands of euros

	Balance 12.31.12	Additions	Disposals	Balance 12.31.13
Treasury shares	84,745	-	11,300	73,445

The change in the number of shares in 2013 is detailed below:

Number of shares

	12.31.12	Additions	Disposals	12.31.13
Treasury shares	6,419,259	-	856,036	5,563,223

Treasury shares represented 9.66% of share capital in 2014 (2013: 1.37%).

14. PROVISIONS AND OTHER CONTINGENT LIABILITIES

Current and non-current provisions

The breakdown and movements in provisions in 2014 and 2013 are as follows:

Thousands of euros

	2014			
	Balance at January 1,	Allowances	Reversals / applications	Balance at December 31,
Non-current provisions				
Provision for outstanding litigation	10,177	2,136	(2,633)	9,680
	10,177	**2,136**	**(2,633)**	**9,680**
Current provisions				
Provision for outstanding litigation	-	6,954	-	6,954
	-	**6,954**	**-**	**6,954**
Total				
Provision for outstanding litigation	10,177	9,090	(2,633)	16,634
	10,177	**9,090**	**(2,633)**	**16,634**

Thousands of euros

	2013			
	Balance at January 1	Allowances	Reversals / applications	Balance at December 31
Non-current provisions				
Provision for outstanding litigation	23,314	2,933	(16,070)	10,177
	23,314	**2,933**	**(16,070)**	**10,177**
Current provisions				
Provision for outstanding litigation	-	-	-	-
	-	**-**	**-**	**-**
Total				
Provision for outstanding litigation	23,314	2,933	(16,070)	10,177
	23,314	**2,933**	**(16,070)**	**10,177**

Provision for outstanding litigation

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

Contingencies

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 Comunicación 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 Company 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 Comunicación, S.A. once it had decided to appeal the CNC-approved Action Plan, and not when the alleged violation took place.

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

Proceedings related to Mediaset España Comunicación, S.A.'s supposed failure to comply with the Telecinco-Cuatro merger commitments

On February 6, 2013, the 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 euro 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.

In the view of the CNMC, 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. In accordance with the commitment (vi), exclusive contracts were limited to terms of three years (in general), with the prohibition of the inclusion of automatic renewal or other similar systems. The commitment (xii) led to the prohibition of exclusive or first option rights for the entirety of the production from national content providers.

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.

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

- As regards commitment (iii), Mediaset España was careful to ensure that positions in Publimedia and 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 (a) reduced contracts, and (b) renouncing extension or preferential acquisition rights. This did not occur.

- 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.

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

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 counter-claim, declaring that the Company had not complied with the agreements reached with the supplier, and that it was in violation of certain rights; the Company was ordered to pay the amounts claimed in the appeal.

The Company 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, the sentence is contradictory as it grants protection to elements lacking originality to the detriment of those which would make the program easily distinguishable from others similar in nature.
- Finally, the fine should be limited to the industrial margin or profit which the supplier would have earned had the terms in the contracts been met, rather than the total amount of the estimated invoicing, as the supplier did not provide any services at all.

Based on the above, 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 of these financial statements.

As explained in Note 15, the Company 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 balance sheet.

15. TAXES

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. The Company is open to inspection of all taxes to which it is liable for the last four years. Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Tax Payers had performed its verifications and investigations in 2009 (as explained in the above note), the Company has the following items and years open to inspection:

Item(s)	Periods
Income tax	2010 a 2014
Value added tax	2011 a 2014
Withholding, non-resident income tax	2011 a 2014
Gaming tax (*):	Until June 2012
Annual transaction statement	2010 a 2014
Consolidated statement of intra-regional delivery and acquisition of assets	2011 a 2014

(*) Commencing this date, this activity is carried out by another group company

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 16) 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 Society's defense for applying the above criteria in both lawsuits and appeals, and consequently obtaining a favorable result.

The Company has the last four years open to inspection of all other applicable taxes. Based on the best interpretation of current legislation, the Company'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 Company's transactions. Therefore, the accompanying balance sheet does not include a provision for tax contingencies.

Value Added Tax

In 2010, the Company has filed consolidated tax as regulated by Chapter IX, Title IX of Law 37/1992. As a result, it has presented consolidated VAT for tax group 049/99, which comprises:

- Mediaset España Comunicación, S.A., as the parent
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Mediacinco Cartera, S.L.

Presenting consolidated VAT generates a short-term payable to Group companies for the tax effect (Note 19).

The breakdown of balances relating to income tax assets and liabilities at December 31 is as follows:

Thousands of euros

	2014	2013
Deferred tax liabilities	(8,649)	(8,401)
Deferred tax liabilities	(8,649)	(8,401)
VAT	(15,491)	(7,920)
Personal income tax withholdings	(2,694)	(2,550)
Social security	(1,253)	(1,225)
Levy to finance RTVE	(7,592)	(3,732)
Payment on account of corporation tax	-	(4,637)
Public radio spectrum tax	-	(1,765)
Others	-	(11)
Other payables to public administrations	(27,030)	(21,840)
Deferred tax assets	32,351	42,525
Unused tax deductions and relief	54,076	45,150
Deferred tax assets	86,427	87,675
Income tax (Note 10)	12,459	19,643
Income tax	12,459	19,643

15.1. Income tax

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

Thousands of euros

	Income statement			Income and expenses directly recognized in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2014						
Income and expenses for the year						
Continuing operations	59,963	-	59,963	3,911	-	3,911
Discontinued operations	-	-	-	-	-	-
	59,963	-	59,963	3,911	-	3,911
Income tax						
Continuing operations	11,954	-	11,954	-	(1,521)	(1,521)
Discontinued operations	-	-	-	-	-	-
	11,964	-	11,964	-	(1,521)	(1,521)

(Continúa)

(Continuación)

Thousands of euros

	Income statement			Income and expenses directly recognized in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2014						
Income and expenses for the year before tax			48,009			5,432
Permanent differences						
Provisions - group companies	3,348	-	3,348	-	-	-
Non-deductible expenses & penalties	259	-	259	-	-	-
Internal elimination of dividends	-	(56,126)	(56,126)	-	-	-
Others	-	(1,412)	(1,412)	-	-	-
Temporary differences	-	(19,214)	(19,214)	-	(5,432)	(5,432)
Utilization of previously unrecognized tax losses	-	-	-	-	-	-
Tax result			(25,136)			-

Thousands of euros

	Income statement			Income and expenses directly recognized in equity		
	Increase	Decrease	Total	Increase	Decrease	Total
2013						
Income and expenses for the year						
Continuing operations	-	(8,594)	(8,594)	-	-	-
Discontinued operations	-	-	-	-	-	-
	-	(8,594)	(8,594)	-	-	-
Income tax						
Continuing operations	23,998	-	23,998	-	-	-
Discontinued operations	-	-	-	-	-	-
	23,998	-	23,998	-	-	-
Income and expenses for the year before tax			(32,592)			-
Permanent differences						
Provisions - group companies	-	(377)	(377)			
Non-deductible expenses & penalties	133	-	133	-	-	-
Internal elimination of dividends	-	(52,346)	(52,346)	-	-	-
Others	23,114	-	23,114	-	-	-
Temporary differences	107,569	-	107,569	-	-	-
Utilization of previously unrecognized tax losses	-	-	-	-	-	-
Tax result			45,501			-

Temporary differences are due to different taxation and accounting criteria relative to impairment provisions regarding audiovisual rights and provisions for subsidiaries.

The reconciliation between income tax expense/(income) and the result of multiplying total recognized income and expenses by applicable tax rates —with the balance of the income statement being differentiated— is as follows:

Thousands of euros

	Income statement	Income and expense recognized directly in equity
2014		
Income and expenses for the year before tax	48,009	5,432
Tax charge (tax rate: 30%)	14,403	1,521
Non-deductible expenses (revenue)	(16,195)	-
Tax credits and others	(10,236)	-
Tax adjustments (dividends minus deductions from subsidiaries)	(105)	-
Tax on foreign profits	64	-
Adjustments due to changes in tax rates	115	-
Tax expense (income)	**(11,954)**	**1,521**

Thousands of euros

	Income statement	Income and expense recognized directly in equity
2013		
Income and expenses for the year before tax	(32,592)	-
Tax charge (tax rate: 30%)	(9,778)	-
Non-deductible expenses (revenue)	(8,838)	-
Tax credits and others	(7,999)	-
Tax adjustments (dividends minus deductions from subsidiaries	2,566	-
Tax on foreign profits	51	-
Positive adjustments to income tax charge	-	-
Negative adjustments to income tax charge	-	-
Tax expense (income)	(23,998)	-

The breakdown of income tax expense/ (income) is as follows:

Thousands of euros

	Income statement	Directly recognized in equity
2014		
Current income tax	(41)	-
	(41)	**-**
Change in deferred tax liabilities		
Other temporary differences	(12,028)	1,521
Adjustments due to changes in tax rates	115	-
	(11,954)	**1,521**

Thousands of euros

	Income statement	Directly recognized in equity
2013		
Current income tax	12,141	-
Other temporary differences	(36,139)	-
	(23,998)	**-**

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 115 thousand euros.

Income tax payable was calculated as follows:

Thousands of euros

2014	
Taxable income:	(25,136)
Tax payable: (30%)	-
Tax payable contributed by subsidiaries in tax consolidation	19,630
Deductions and rebates, companies filing consolidated taxes	(4,949)
Utilization of unused tax losses - consolidated companies	(4,907)
Withholdings	(12,328)
Total income tax refund	**(2,554)**

Thousands of euros

2013	
Taxable income:	45,501
Tax payable: (30%)	13,650
Tax payable contributed by subsidiaries in tax consolidation	(107,490)
Deductions and rebates, companies filing consolidated taxes	-
Activation of tax losses - consolidated companies	93,840
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**

15.2. Deferred tax assets

The breakdown is as follows

Thousands of euros

	2014	2013
Deferred tax assets	32,351	42,525
Unused tax credits and rebates	54,076	45,150
	86,427	**87,675**

The changes in the items composing "Deferred tax assets" are as follows:

Thousands of euros

	Balance at January 1,	Adjustment due to changes in tax rates	Income statement	Equity	Reclassifications	Balance at December 31,
2014						
Deferred tax assets						
Impairment audiovisual rights	1,475	(72)	(385)	-	-	1,018
Rights management institutions	571	(127)	190	-	-	634
Provisions, subsidiaries	23,815	(570)	(19,227)	-	-	4,018
Tax deductibility of depreciation/ amortization	13,921	-	10,165	-	-	24,086
Other provisions	**2,743**	**(510)**	**362**	**-**	**-**	**2,595**
	42,525	**(1,279)**	**(8,895)**	**-**	**-**	**32,351**
2013						
Deferred tax assets						
Impairment audiovisual rights	869	-	606	-	-	1,475
Rights management institutions	481	-	90	-	-	571
Provisions, subsidiaries	4,208	-	19,607	-	-	23,815
Tax deductibility of depreciation/ amortization	-	-	13,921	-	-	13,921
Other provisions	**2,951**	**-**	**(208)**	**-**	**-**	**2,743**
	8,509	**-**	**34,016**	**-**	**-**	**42,525**

During 2014, the tax group recognized deferred tax assets for unused tax loss carryforwards amounting to 15,379 thousand euros.

At December 31, there were deferred tax assets for unused tax loss carryforwards totaling 297,419 thousand euros.

At December 31, 2014 unused tax credits for audiovisual productions amount to a total of 54,076 thousand euros (2013: 45,150 thousand euros) which can be recovered over the next 15 years.

Thousands of euros

	2014	2013
Deductions pending 2010	-	2,024
Deductions pending 2011	14,356	15,626
Deductions pending 2012	19,501	19,501
Deductions pending 2013	7,060	7,999
Deductions pending 2014	13,159	-
	54,076	**45,150**

The Company has availed itself of the deduction provided for in article 42 of Royal Legislative Decree 4/2004, of March 5, which enacted the revised text of the Corporation Tax Law, in respect of income of 1,637 thousand euros. This amount was generated by the sale of 60% of the Company's ownership in Cinematext Media, S.A., which was sold on September 30, 2009.

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

15.3 Deferred tax liabilities

The breakdown and movements in the various items composing "Deferred tax liabilities" are as follows:

Thousands of euros

	Opening balance at January 1,	Adjustment due to changes in tax rates	Income statement	Equity	Closing balance at December 31,
2014					
Deferred tax liabilities					
Other	2,791	(229)	(1,483)	-	1,079
Tax amortization of goodwill	3,528	(588)	864	-	3,804
Tax amortization of signal transmission license	2,082	(347)	510	-	2,245
Available-for-sale financial assets	-	-	-	1,521	1,521
	8,401	**(1,164)**	**(109)**	**1,521**	**8,649**
2013					
Deferred tax liabilities					
Other	2,418	-	373	-	2,791
Tax amortization of goodwill	2,664	-	864	-	3,528
Tax amortization of signal transmission license	1,572	-	510	-	2,082
	6,654	**-**	**1,747**	**-**	**8,401**

The deferred tax liability mainly relates to taxable temporary differences arising from consolidation adjustments of the tax group and tax amortization of intangible assets with an indefinite useful life (goodwill and signal transmission license).

16. GUARANTEE COMMITMENTS TO THIRD PARTIES

The breakdown of guarantees provided as of December 31, 2014 and 2013 is as follows:

	Thousands of euros	
Type	**2014**	**2013**
Collateral for contracts, concessions and tenders	5,965	27,710
Legal guarantees	38,676	19,300
Guarantees deposited at the tax authorities	9,029	9,029
	53,670	**56,039**

The Company deposited at December 31, 2014, 5,965 thousand euros in guarantees required for its commercial activity (2013: 27,710 thousand euros).

The Company pledged a guarantee of 9,029 thousand euros 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 15).

The Company submitted a 15,600 thousand euro guarantee with Section 6 of the National Appellate Court for the appeal against the administrative decision taken by the CNMV on February 6, 2013 (Dossier SNC/0024/12), by virtue of which Mediaset España was declared noncompliant with different commitments, thereby authorizing the Telecinco/Cuatro transaction; a fine was levied equal to the amount of the above guarantee (Note 14). 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 14).

17. SHARE-BASED PAYMENT SCHEMES

As of the date of preparation of these financial statements, the share option plans for which the conditions for their being granted have been fulfilled are as follows:

2014

Strike term										
	Number of options 01/01/14	Additions	Disposals	Number of options 12/31/14	Granted to employees of the company	Granted to employees of the Group	Strike price	Assignment date	From	To
2009 share-based payments plan	163,950	-	163,950	-	-	-	5.21€	7/29/09	7/29/12	7/28/14
2010 share-based payments plan	1,044,400	-	485,900	558,500	465,500	93,000	7.00€	7/28/10	7/28/13	7/27/15
2011 share-based payments plan	616,225	-	171,775	444,450	305,650	138,000	5.83€	7/27/11	7/27/14	7/26/16

2013

Strike term										
	No. Of options 01/01/13	Additions	Disposals	Number of options 12/31/13	Granted to employees of the company	Granted to employees of the Group	Strike price	Assignment date	From	To
2008 share-based payments plan	545,325	-	545,325	-	-	-	7.13€	7/30/08	7/30/11	7/29/13
2009 share-based payments plan	310,163	-	146,213	163,950	109,125	54,825	5.21€	7/29/09	7/29/12	7/28/14
2010 share-based payments plan	1,240,650	-	196,250	1,044,400	526,500	517,900	7.00€	7/28/10	7/28/13	7/27/15
2011 share-based payments plan	644,725	-	28,500	616,225	357,275	258,950	5.83€	7/27/11	7/27/14	7/26/16

The beneficiaries of these plans are directors and executive directors of Group companies.

During 2014, no amounts were charged on the income statement related to these plans. 34 thousand euros were charged to the income statement during 2013 related to these plans.

The increase in the value of investments in the Company due to the recognition of stock options granted to employees of the investees is as follows:

	Thousands of euros	
	2014	2013
Publiespaña, S.A.U.	-	93
Telecinco Cinema, S.A.U.	-	11
	-	104

At December 31, 2014, as described below, the Company has two share option plans 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 a 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%	5.5%	5.5%
Volatility	30%	50%	37%

18. INCOME AND EXPENSES

a) Breakdown of revenue

The distribution of revenue from continuing operations corresponding to the Company's ordinary activities, broken down by category, is as follows:

Thousands of euros

Business segment	2014	2013
Advertising revenue	710,202	640,307
Rendering of services	8,627	6,696
Total	**718,829**	**647,003**

The Company's most important client continues to be Publiespaña, S.A.U. Revenue from advertising sales to this client, 704,570 thousand euros, accounts for approximately 98% of the Company's total revenue (2013: 635,536 thousand euros or 98% of the total).

b) Consumption of goods for resale

The breakdown of consumption of goods for resale and consumption of raw materials and other consumables for the years ended December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Consumption of goods for resale		
Changes in inventories	(3,077)	(1,304)
	(3,077)	**(1,304)**
Goods for resale		
Purchases in Spain	193,061	215,105
EU acquisitions	17,035	12,498
Cost of sales	**210,096**	**227,603**

c) Wages and salaries

Thousands of euros

	2014	2013
Wages and salaries	66,876	69,525
Social Security costs, et al.	14,617	14,227
Total	**81,493**	**83,752**

The breakdown of Social Security costs et al. for the years ended December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Social security	12,747	12,537
Other employee welfare expenses	1,870	1,690
Total employee welfare expenses	14,617	14,227

d) External services

The breakdown of "External services" for the years ended December 31, 2014 and 2013 is as follows:

Thousands of euros

	2014	2013
Leased assets (Note 5)	640	659
Other leases	105	122
Program production costs	35,859	33,746
Management fees for rights, concessions and licenses	30,703	27,175
Repairs and maintenance	3,263	3,540
Other professional services	9,998	8,753
Transportation and messenger services	1,070	1,223
General insurance	209	196
Public relations	3,130	2,718
Supplies	2,103	3,257
Signal transmission and technical assistance	48,588	50,593
News agencies and post-production	12,081	11,995
Cash and non-cash prizes	1,986	2,940
Other expenses for legal and judicial risks	8,604	4,526
Other expenses and services	6,664	4,465
	165,003	**155,908**

19. RELATED-PARTY TRANSACTIONS

Related companies

Company transactions in 2014 and 2013 with related parties, as well as the nature of the relationship, are as follow:

Company	Nature of the relationship
60 DB Entertainment, S.L.U.	30% owned
Aprok Imagen S.L.	3% owned
Big Bang Media, S.L.	30% owned
Conecta 5 Telecinco, S.A.U.	100% owned
DTS, Distribuidora TV Digital, S.A.	(1)
Editora Digital de Medios, S.L.	50% owned
Grupo Editorial Tele 5, S.A.U.	100% owned
Endemol Group	(2)
Mediaset Italy Group	Shareholder
PRISA Group Integración Transmedia, S.A.U.	Shareholder 100% owned
La Fábrica de la Tele S.L.	30% owned
Mediacinco Cartera S.L. Megamedia Televisión S.L. Netsonic, S.L. Pegaso Televisión INC	75%owned 30% owned 38% owned 43.7% owned
Premiere Megaplex, S.A.U.	100% owned
Producciones Mandarina, S.L.	30% owned
Publiespaña, S.A.U.	100% owned
Publimedia Gestión, S.A.U.	100% owned
Sogecable Editorial, S.L.	100% owned
Sogecable Media, S.L. Supersport Televisión, S.L. Telecinco Cinema, S.A.U.	100% owned 30% owned 100% owned

(1) No relationship at 12/31/14
(2) No relationship at 12/31/13

The balances with the related parties listed in the preceding table at December 31, 2014 and 2013 are as follows:

	Trade receivables from group companies and associates (Note 10)		Suppliers, group companies and associates		Suppliers for purchases of rights, companies and associates (Note 8.2)		Long-term loans to Group companies (Note 8.1)	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Publiespaña, S.A.U.	197,115	159,662	961	1,255	-	-	-	-
Grupo Editorial Tele 5, S.A.U.	6	72	111	102	-	-	-	-
Telecinco Cinema, S.A.U.	1,230	1,743	-	81	109	2,908	13,221	5,845
Publimedia Gestión, S.A.U.	224	224	-	-	-	-	-	-
60dB Entertainment, S.L..	-	-	-	-	-	-	-	-
Conecta 5 Telecinco, S.A.U.	453	325	6	5	-	-	6,000	5,729
Producciones Mandarina, S.L.	(2)	-	2,222	1,143	-	-	-	-
BigBang Media, S.L.	-	-	16	460	-	-	-	-
La Fábrica de la Tele, S.L.	-	1,647	3,744	2,461	-	-	-	-
Mediacinco Cartera, S.L.	123	127	3	-	-	-	33,436	-
Premiere Megaplex, S.A.U.	289	134	1	1	-	-	-	-
Editora Digital de Medios, S.L.	79	26	-	-	-	-	-	-
Megamedia Televisión, S.L.	40	89	10	-	-	-	-	-
Supersport Televisión, S.L.	243	206	284	1,551	-	-	-	-
Integración Transmedia, S.L.	-	2	-	-	-	-	-	-
Sogecable Media, S.L.	(847)	(880)	-	-	-	-	379	227
Sogecable Editorial, S.L.	-	-	48	44	-	-	-	-
DTS, Distribuidora TV Digital, S.A.	-	(2)	-	461	-	210	-	-
Pegaso Group	-	-	-	-	-	-	3,635	3,200
PRISA Group	163	66	2,099	2,150	-	-	-	-
Mediaset Italy Group	444	62	314	375	-	-	-	-
	199,560	**163,503**	**9,819**	**10,089**	**109**	**3,118**	**56,671**	**15,001**

	Current tax payable, group companies (Note 8.2)		Current liabilities with creditor group companies (Note 8.2)	
	12/31/14	12/31/13	12/31/14	12/31/13
Publiespaña, S.A.U.	-	-	97,675	89,035
Grupo Editorial Tele 5, S.A.U.	-	-	3,935	4,087
Telecinco Cinema, S.A.U.	-	3,363	-	-
Conecta 5 Telecinco, S.A.U.	-	-	4,715	4,494
Sogecable Media, S.L.	-	-	-	-
Sogecable Editorial, S.L.	-	-	483	421
Premiere Megaplex, S.A.U.	1,426	-	30	858
Mediacinco Cartera, S.L.	5,324	34,806	1,513	2,034
	6,750	**38,169**	**108,351**	**100,929**

	Current tax receivable, group companies (Note 8.1)		Current assets with creditor group companies (Note 8.1)	
	12/31/14	12/31/13	12/31/14	12/31/13
Publiespaña, S.A.U.	21,713	18,846	-	-
Grupo Editorial Tele 5, S.A.U.	1,653	2,129	-	-
Publimedia Gestión, S.A.U.	648	670	-	-
Telecinco Cinema, S.A.U.	3,487	-	7,566	13,578
Premiere Megaplex, S.A.U.	-	58	3,046	4,962
Conecta 5 Telecinco, S.A.U.	-	76	-	-
Mediacinco Cartera, S.L.	-	-	-	58,110
Sogecable Media, S.L.	65	4	417	648
Sogecable Editorial, S.L.	80	58	-	-
Integración Transmedia, S.A.U.	866	107	-	-
Atlas País Vasco, S.A.U. (in liquidation)	-	-	6	6
Canal Factoria de Ficción, S.A.U. (in liquidation)	-	-	-	-
Pegaso Group	-		-	501
Producciones Telecinco, S.A.U. (in liquidation)	-	-	15	15
	28,512	**21,948**	**11,050**	**77,820**

	Current payables to group companies due to tax effect (VAT) (Note 8.2)		Current loans to group companies due to tax effect (VAT) (Note 8.1)	
	12/31/14	12/31/13	12/31/14	12/31/13
Publiespaña, S.A.U.	-	5,212	3,649	-
Telecinco Cinema, S.A.U.	883	-	-	89
Mediacinco Cartera, S.L.	7	8	-	-
	890	**5,220**	**3,649**	**89**

In 2014 and 2013, the following transactions were conducted with the related parties listed above:

	Purchases		Accrued interest expense		Purchase of rights	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Grupo Editorial Tele 5, S.A.U.	292	250	5	6	-	-
DTS, Distribuidora TV Digital, S.A.	513	745	-	-	-	231
Publiespaña, S.A.U.	89	90	952	1,250	-	-
Conecta 5 Telecinco, S.A.U	-	-	6	5	-	-
Telecinco Cinema, S.A.U.	318	332	-	-	1,157	3,109
Premiere Megaplex, S.A.U.	-	-	-	1	-	-
Mediacinco Cartera, S.L.	-	-	3	-	-	-
Megamedia Television, S.L.	8	-	-	-	-	-
Producciones Mandarina, S.L.	16,573	18,091	-	-	-	-
La Fábrica de la Tele, S.L.	27,061	31,693	-	-	-	-
BigBang Media, S.L.	1,917	4,232	-	-	5,389	-
60dB Entertainment, S.L.U.	11	696	-	-	-	-
Supersport Televisión, S.L	13,062	4,548	-	-	-	-
Sogecable Editorial, S.L.	139	123	2	1	-	-
Prisa Group	2,755	7,764	-	-	-	-
Endemol Group	-	16,184	-	-	-	376
Mediaset Italy Group	1,387	1,463	-	-	-	-
	64,125	**86,211**	**968**	**1,263**	**6,546**	**3,716**

	Advertising revenue & sales of rights		Other revenue		Accrued interest revenue		Dividends	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
Grupo Editorial Tele 5, S.A.U.	-	-	38	125	-	-	3,467	5,242
Sogecable Media, S.L.	-	-	-	-	57	24	-	-
Sogecable Editorial, S.L.	-	-	-	-	-	-	135	148
Publiespaña, S.A.U.	704,570	635,536	3,515	4,402	-	-	51,121	44,879
Publimedia Gestión, S.A.U.	-	-	740	752	-	-	-	-
DTS, Distribuidora TV Digital, S.A.	3	2	-	16	-	-	-	-
Telecinco Cinema, S.A.U.	20	-	435	438	1,093	1,601	-	-
Conecta 5 Telecinco, S.A.U.	132	132	423	575	159	-	-	-
Mediacinco Cartera, S.L.	-	-	409	411	1,431	1,830	-	-
La Fábrica de la Tele, S.L.	-	-	-	1,361	-	-	1,200	2,826
Premiere Megaplex, S.A.U.	-	-	175	211	209	92	-	-
Editora Digital de Medios, S.L.	-	-	65	87	-	158	-	-
Megamedia Televisión, S.L.	-	-	187	73	-	-	-	-
Supersport Televisión, S.L.	-	-	1,523	180	3	-	146	-
Integración Transmedia, S.A.U.	59	-	927	1	-	-	-	-
Producciones Mandarina,S.L.	18	-	-	-	-	-	526	-
Pegaso Group	-	-	-	-	295	188	-	-
Big Bang Media, S.L.	-	-	3	-	-	-	-	-
Prisa Group	71	29	188	135	-	-	-	-
Endemol Group	-	188	-	-	-	-	-	-
Mediaset Italy Group	649	154	10	11	-	-	-	-
	705,522	636,041	8,638	8,778	3,247	3,893	56,595	53,095

The related-party transactions consist of normal Company trading activity and are conducted on an arm's length basis.

Directors and senior executives

During the year, the members of the Board of Directors and other senior executives of the Company, and the individuals and entities that they represent, did not carry out transactions with the Company or with other Group companies unrelated to normal trading activity or not on an arm's length basis.

a) Compensation and other benefits

1. Remuneration of the members of the Board of Directors in 2014 and 2013:

The breakdown of the remuneration earned by members of the Company's Board of Directors is as follows:

	Thousands of euros	
	2014	2013
Compensation	4,394	3,977
Attendance fees	600	588
	4,994	4,565

In addition to the information given in this section, the compensation received by each director in 2014 is indicated below, in euros:

Mr. Alejandro Echevarría Busquet – Chairman of the Board of Directors

Fixed Board compensation:	60,000.00
Attendance fees:	64,000.00
Fixed compesation:	634,649.52
Variable compensation:	265,850.00
Total:	**1,024,499.52**

Option rights granted:	**0.**
Option rights exercised:	**33,625**

Mr. Paolo Vasile – CEO

Fixed Board compensation:	60,000.00
Attendance fees:	32,000.00
Fixed compesation:	879,695.00
Variable compensation:	531,700.00
In-kind remuneration:	24,765.62 (*)
Total:	1,528,160.62

Option rights granted:	**0.**
Option rights exercised:	**33,625**

(*) Excluding the base of the in-kind compensation, 79,088.55 euros

Mr. Giuseppe Tringali – Board Member and Vice-president

Fixed Board compensation:	60,000.00
Attendance fees:	32,000.00
Total:	92,000.00

Option rights granted:	0
Option rights exercised:	235,375.

Mr. Giuseppe Tringali left his position as Chief Executive Officer on July 23, 2014 staying as Board Member and Vice-president.

Mr. Massimo Musolino - Executive Director (*)

Fixed Board compensation:	60,000.00
Attendance fees:	32,000.00
Fixed compensation	499,170.82
Variable compensation:	229,077.12
In-kind remuneration:	17,217.02(**)
Total:	837.464,96

Option rights granted:	0
Exercised:	15,250

(*) Amounts corresponding to fixed/ variable compensation and in-kind benefits are reflected under 18 b.
(**) The in-kind compensation base amounting to 20,196.97 euros was not included

Mr. Alfredo Messina – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	40,000.00
Total:	100,000.00

Mr. Fedele Confalonieri – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	56,000.00
Total:	116,000.00

Mr. Marco Giordani – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	48,000.00
Total:	108,000.00

Mr. Pier Silvio Berlusconi – Board Member

Fixed Board compensation:	16,333.33
Attendance fees:	0.00
Total:	16,333.33

Mr. Giuliano Adreani – Board Member

Fixed Board compensation:	60,000.00
Attendance fees:	56,000.00
Total:	116,000.00

Mr. Ángel Durández Adeva – Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	60,000.00
Total:	120,000.00

Mr. Borja de Prado Eulate – Independent Director / Chairman of the Appointments and Remuneration Committee

Fixed Board compensation:	60,000.00
Attendance fees:	48,000.00
Total:	108,000.00

Mr. José Ramón Álvarez-Rendueles – Independent Director / Chairman of the Audit and Compliance Committee

Fixed Board compensation:	60,000.00
Attendance fees:	60,000.00
Total:	120,000.00

Ms. Helena Revoredo Delvecchio – Independent Director

Fixed Board compensation:	60,000.00
Attendance fees:	28,000.00
Total:	88,000.00

Mr. Manuel Polanco Moreno – Independent Director

Fixed Board compensation:	50,000.00
Attendance fees:	8,000.00
Total:	58,000.00

Mr. Juan Luis Cebrián Echarri – Independent Director

Fixed Board compensation:	50,000.00
Attendance fees:	8,000.00
Total:	58,000.00

Mr. Mario Rodríguez Valderas – Board Member (***)

Fixed Board compensation:	43,666.67
Attendance fees:	28,000.00
Fixed compesation;	285,932.70
Variable compensation:	141,222.31
In-kind remuneration:	4,858.21 (**)
Total:	503,679.89

Option rights granted:	0
Exercised:	9,000

(*) Amounts corresponding to fixed/ variable compensation and in-kind benefits are reflected under 18 b.
(**) The in-kind compensation base amounting to 10.648,55 euros was not included
(***) Has been a member of the board since April 9, 2014.

None of the Board Members has received any compensation for belonging to other Boards of Directors of the Group's companies.

As was the case last year, at year end of 2014, the Company has not granted any advance payments or loans to any of its Board Members.

Regarding the benefits arrangements, the Company has taken out, for only one of the Joint CEOs, life insurance covering disability or death and medical insurance, at an annual cost of 31,909 euros. These items are included in in-kind compensation.

As was the case last year, no contribution has been made to pension plans or funds on behalf of any member of the Board of Directors.

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

b) 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
12	12	4,437	4,876

In 2014 and 2013, no share options were granted.

A list of key management personnel is included in the accompanying Corporate Governance Report.

c) 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.

20. OTHER DISCLOSURES

a) Employees

2014

	At year end			
	Male	Female	Total	Average for the year
Senior executives	10	2	12	12
Executives	40	22	62	62
Department managers	27	31	58	59
Technical staff	357	227	584	584
Administrative personnel	33	95	128	142
Operators	18	-	18	18
Journalists	52	87	139	141
	537	**464**	**1,001**	**1,018**

2013

	At year end			
	Male	Female	Total	Average for the year
Senior executives	10	2	12	12
Executives	40	22	62	63
Department managers	27	32	59	61
Technical staff	361	229	590	593
Administrative personnel	34	110	144	144
Operators	18	-	18	19
Journalists	54	85	139	149
	544	**480**	**1,024**	**1,041**

b) Audit fees

Audit fees of the 2014 financial statements totaled 89 thousand euros (2013: 116 thousand euros).

In addition, the fees paid in the year for other services performed by the Company's statutory auditors in 2014 totaled 76 thousand euros (2013: 91 thousand euros).

c) Foreign currency

Foreign-currency transactions related to the acquisition of audiovisual property rights and distribution rights totaled $35 million (2013: $66 million).

"Trade receivables" includes 408 thousand euros denominated in US currency. (2013: 28 thousand euros).

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

21. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events took place after the reporting date.

22. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These financial statements are presented on the basis of the accounting principles approved by Royal Decree 1514/2007 of November 16 and prevailing mercantile adopted by Spain. Consequently, certain accounting practices applied by the Company may not conform with generally accepted principles in other countries.

Madrid, February 25, 2015.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2014

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 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 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 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 658,249 thousand euros in 2013 to 732,666 thousand euros in 2014, mainly thanks to the increase in advertising income, although non-advertising income also performed quite positively.

- Operating income rose from 659,931 thousand euros in 2013 to 678,734 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 59,963 thousand euros with regard to the (8,594) 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 that 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, S.A.U., a wholly owned subsidiary of the Company 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 Company 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 Company'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 talent, profitability and opportunities efficiently for our brightest and most promising professionals in order to maximize the return on investment, considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under our Group's logo.

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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, Mediaset is still the undisputed leader among audiovisual communication groups.

TREASURY SHARES

At December 31, 2014, the Company held 39,284,862 of its own shares, representing 9.66% of share capital.

PAYMENTS TO SUPPLIERS

During 2014, the average payment to the Company's national suppliers was 81 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 Company 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 Company 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

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 Company 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 Company buys foreign currency forward for the amounts payable so as to match the forecast payment dates.

RISK CONTROL

The Company's risk management policies are described in Note 8.3 of the accompanying financial statements.

RESEARCH AND DEVELOPMENT COSTS

The Company'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 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 my 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 Company'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.

RESTRICTIONS ON VOTING RIGHTS

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

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 favourable report by the Appointments and Remuneration Committee.

Article 55 - Removal of directors

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

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

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

B. Amendments to the Company's bylaws.

Article 34 - Adoption of resolutions

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

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

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

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

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

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

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

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

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

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

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

   e) Payment of interim dividends.

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

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

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

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

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

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

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

   m) Oversight of investing and financing policy.

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

o) Approval of corporate governance policy

p) Oversight of corporate social responsibility policy.

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

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

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

t) Approval of Company policy on treasury shares.

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

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

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

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

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

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

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

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

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

These transactions may be undertaken:

a) Directly by the Company or by other 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 minimise any possible temporary imbalances arising between market demand and supply. Under no circumstances shall trading be engaged in with a view to intervening in the free formation of prices.

9.3.3. Transparency

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

9.3.4. Insider information

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

9.3.5. Neutrality in price formation

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

9.3.6. Brokerage

The 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 Telecinco Group's managing bodies.

b) Overseeing the performance of the Mediaset España'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 itemises the only instances of special indemnification schemes outstanding between the Company and its directors and managers.

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

Read with the accompanying explanatory notes.

Madrid, February 25, 2015.

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