MEDIASET ESPAÑA COMUNICACIÓN S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015, PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS-EU) AS ADOPTED BY THE EUROPEAN UNION, AND CONSOLIDATED MANAGEMENT REPORT

Independent Audit Report

MEDIASET ESPAÑA COMUNICACIÓN, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report
for the year ended
December 31, 2015

Building a better working world

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Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 28)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated statement of financial position at December 31, 2015, the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow, and the notes thereto for the year then ended.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid - Inscrita en el Registro Mercantil de Madrid al Tomo 12749, Libro 0, Folio 215, Sección 8, Hoja M-23123, Inscripción 116. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries at December 31, 2015, and its consolidated results and consolidated cash flow for the year then ended, in accordance with IFRS, as adopted by the EU, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated 2015 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2015 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Carlos Hidalgo Andrés

February 24, 2016

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

Thousands of euros

ASSETS	12/31/15	12/31/14
NON-CURRENT ASSETS		
Property, plant, and equipment (Note 6)	54,449	48,629
Intangible assets (Note 7)	208,841	217,313
Audiovisual property rights (Note 8)	201,244	228,638
Goodwill (Note 9)	288,124	287,357
Equity method investments (Note 10)	14,882	9,901
Non-current financial assets (Note 11)	14,813	6,349
Deferred tax assets (Note 20.5)	134,507	164,783
Total non-current assets	**916,860**	**962,970**
CURRENT ASSETS		
Non-current assets held for sale (Note 13)	-	7,933
Inventories	6,575	1,610
Accounts receivable	243,471	223,997
Trade receivables for sales and services (Note 23.2)	224,732	201,718
Trade receivables from related parties (Note 26.1)	1,089	2,098
Sundry receivables (Note 23.2)	453	11
Employee receivables (Note 23.2)	133	52
Other receivable from public authorities (Note 20.3)	7,640	7,659
Income tax current assets (Note 20.3)	9,424	12,459
Other current assets (Note 12)	6,823	12,818
Other current financial assets (Note 23.2)	1,019	1,309
Cash and cash equivalents (Note 14)	211,397	275,782
Total current assets	**469,285**	**523,449**
TOTAL ASSETS	1,386,145	1,486,419

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

Thousands of euros

EQUITY AND LIABILITIES	12/31/15	12/31/14
EQUITY (Note 15)		
Share capital	183,088	203,431
Share premium	697,597	1,064,247
Share-based payment reserves	353	11,138
Other reserves	229,367	210,257
Treasury shares	(214,838)	(371,373)
Valuation adjustments	-	3,911
Profit for the year attributable to the parent	166,167	59,492
Total equity of the parent	**1,061,734**	**1,181,103**
Non-controlling interests	8,169	8,303
Total equity	**1,069,903**	**1,189,406**
NON-CURRENT LIABILITIES		
Non-current provisions (Note 16)	10,386	9,678
Borrowings from related parties (Note 17)	-	11,144
Borrowings from third parties (Note 18)	7,380	-
Other non-current liabilities (Note 23.2)	324	405
Deferred tax liabilities (Note 20.5)	8,316	10,033
Total non-current liabilities	**26,406**	**31,260**
CURRENT LIABILITIES		
Payable to related parties (Note 26.1)	25,034	18,243
Accounts payable for purchases and services (Note 23.2)	110,869	93,883
Accounts payable for audiovisual property rights (Note 23.2)	71,657	67,549
Other non-trade payables	41,918	46,853
Bank borrowings (Note 23.2)	478	239
Borrowings from third parties (Note 18)	1,061	-
Payables to public authorities (Note 20.3)	22,508	29,780
Payables for non-current asset acquisitions (Note 23.2)	6,058	4,027
Remuneration payable (Note 23.2)	11,414	9,281
Other borrowings (Note 23.2)	399	3,526
Current provisions (Note 19)	34,937	38,426
Other current liabilities	5,421	799
Total current liabilities	**289,836**	**256,753**
TOTAL EQUITY AND LIABILITIES	**1,386,145**	**1,486,419**

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

CONSOLIDATED SEPARATE INCOME STATEMENT AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

Thousands of euros

	12/31/15	12/31/14
INCOME		
Revenue (Note 24.1)	957,891	919,400
Sales	944,369	899,902
Discount and volume rebates	(35,302)	(33,513)
Revenue from the rendering of services	48,824	53,011
Other operating income	14,040	12,687
Total operating income	971,931	932,087
EXPENSES		
Decrease in inventories of finished goods and work in progress	(4,832)	3,076
Procurements	236,276	260,855
Staff costs (Note 24.2)	105,041	106,186
Amortization of audiovisual property rights (Note 8)	205,156	199,220
Depreciation and amortization charge (Note 6 and 7)	17,099	17,268
Change in operating provisions (Note 24.3)	388	1,850
Other expenses (Note 24.4)	207,619	198,878
Total operating expenses	766,747	787,333
Profit from operations	205,184	144,754
Net finance income/(expense) (Note 24.6)	(805)	(632)
Exchange differences (Note 24.7)	860	620
Result of companies accounted for using the equity method (Note 10)	(313)	1,898
Sale/Impairment losses of other financial assets	(1,389)	(61,092)
Gains (losses) on disposals of non-current assets available for sale	15,603	-
Profit before tax	219,140	85,548
Income tax (Note 20.4)	53,187	29,986
Profit for the year	165,953	55,562
Attributable to:		
Shareholders of the parent	166,167	59,492
Non-controlling interests	(213)	(3,930)
Earnings per share (Note 25.1)	0.48	0.15
Diluted earnings per share (Note 25.2)	0.48	0.15

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

Thousands of euros

	12/31/15	12/31/14
PROFIT FOR THE YEAR	165,953	55,562
Income and expense recognized directly in equity to later be recycled to the income statement	(3,911)	3,911
Valuation adjustments - Available-for-sale assets (Note 13)	(3,911)	3,911
Income and expense recognized directly in equity which later will not be recycled to the income statement	-	-
TOTAL PROFIT FOR THE YEAR	162,043	59,473
Attributable to:		
Shareholders of the parent	162,256	63,403
Non-controlling interests	(213)	(3,930)

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

	Share capital (Note 15.1)	Share premium	Legal reserve (Note 15.2)	Other reserves	
				Share-based payment reserve	Other reserves
Balance at 12/31/14	203,431	1,064,247	40,686	11,138	169,571
Components of other comprehensive income	-	-	-	-	-
Profit (Loss) for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Distribution of profit for the year	-	-	-	-	59,492
Dividend paid	-	-	-	-	(47,541)
Capital reduction	(20,343)	(366,650)	-	-	-
Operations with treasury shares	-	-	-	-	-
Share based payment	-	-	-	(10,785)	7,664
Other changes	-	-	-	-	(505)
Balance at 12/31/15	183,088	697,597	40,686	353	188,681
Balance at 12/31/13	203,431	1,064,247	40,686	14,573	165,489
Components of other comprehensive income	-	-	-	-	-
Profit (Loss) for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-
Distribution of profit for the year	-	-	-	-	4,161
Operations with treasury shares	-	-	-	(3,435)	(557)
Share-based payment	-	-	-	-	-
Other changes	-	-	-	-	478
Balance at 12/31/14	203,431	1,064,247	40,686	11,138	169,571

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

Thousands of euros

	Total other reserves	Treasury shares (Note 15.4)	Valuation adjustments	Profit for the year	Total equity of the parent	Non-controlling Interest (Note 15.5)	Total
	180,709	**(371,373)**	**3,911**	**59,492**	**1,181,103**	**8,303**	**1,189,406**
	-	-	(3,911)	-	(3,911)	-	(3,911)
	-	-	-	166,167	166,167	(213)	165,953
	-	**-**	**(3,911)**	**166,167**	**162,256**	**(213)**	**162,043**
	59,492	-	-	(59,492)	-	-	-
	(47,541)	-	-	-	(47,541)	-	(47,541)
	-	386,993	-	-	-	-	-
	-	(238,396)	-	-	(238,396)	-	(238,396)
	(3,121)	7,938	-	-	4,817	-	4,817
	(505)	-	-	-	(505)	79	(426)
	189,034	**(214,838)**	**-**	**166,167**	**1,061,734**	**8,169**	**1,069,903**
	180,062	**(73,445)**	**-**	**4,161**	**1,419,141**	**12,234**	**1,431,376**
	-	-	3,911	-	3,911	-	3,911
	-	-	-	59,492	59,492	(3,930)	55,562
	-	**-**	**3,911**	**59,492**	**63,403**	**(3,930)**	**59,473**
	4,161	-	-	(4,161)	-	-	-
	(3,992)	(297,928)	-	-	(301,920)	-	(301,920)
	-	-	-	-	-	-	-
	478	-	-	-	478	-	478
	180,709	**(371,373)**	**3,911**	**59,492**	**1,181,103**	**8,303**	**1,189,406**

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

CONSOLIDATED STATEMENT OF CASH FLOW AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

Thousands of euros

	12/31/15	12/31/14
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	**219,140**	**85,548**
Adjustment for:		
Amortization of audiovisual property rights (Note 8)	205,156	199,220
Depreciation and amortization charge (Note 6 and 7)	17,099	17,268
Result of companies accounted for using the equity method (Note 10)	313	(1,898)
Change in provisions for bad debt	47	-
Change in provisions for contingencies and charges	3,594	(451)
Net finance expense (Note 24.6)	805	632
Net exchange differences (Note 24.7)	(860)	(620)
Disposals of other assets	369	1,244
Impairment of other financial assets	1,389	61,092
Gains (losses) on disposal of financial assets	(15,603)	-
Profits from operations before changes in working capital	**431,449**	**362,035**
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	(4,965)	3,091
Accounts receivable	(22,051)	(6,200)
Other current assets	8,525	(698)
Accounts payable	3,957	(32,994)
Other current liabilities	(5,591)	4,750
Change in provisions	3,369	3,852
Cash flows from operating activities	**414,693**	**333,836**
Taxes paid at sources	(19,447)	(6,996)
Net cash flows from operating activities (A)	**395,246**	**326,840**

(Continue)

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

(Continuation)

Thousands of euros

	12/31/15	12/31/14
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant, and equipment (Note 6)	(11,031)	(6,534)
Investments in audiovisual property rights	(174,083)	(187,337)
Disposals of audiovisual property rights	427	2,600
Investments in intangible assets (Note 7)	(1,978)	(1,647)
Investments/Disposals of non-current financial assets	(9,414)	(3,834)
Investments/Disposals in associates	11,234	325,000
Investments in other current and non-current financial assets	290	(557)
Non-current assets held for sale (Note 13)	7,933	-
Dividend received	2,096	1,904
Interest received	494	1,066
Net cash flows from investing activities (B)	174,032	130,661
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	(1,039)	11,513
Interest paid	(2,582)	(2,690)
Dividend paid (Note 15.2)	(47,541)	-
Short term financing	-	(439)
Acquisition of own equity instruments	(238,586)	(307,514)
Disposal of own equity instruments	5,009	5,257
Net cash flows used in financing activities (C)	**(284,739)**	**(293,873)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**(63,525)**	**163,628**
Net foreign exchange difference	**(860)**	**(620)**
Net change in cash and cash equivalents	**(64,385)**	**163,008**
Cash and cash equivalents at beginning of the year (Note 14)	**275,782**	**112,774**
Cash and cash equivalents at end of the year (Note 14)	**211,397**	**275,782**

The accompanying Notes 1 to 28 are an integral part of this consolidated financial statement at December 31, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2015

EXPRESSED IN THOUSAND OF EUROS

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

MEDIASET ESPAÑA COMUNICACIÓN, S.A. - PARENT

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

The Company is devoted to the indirect management of Servicio Público de Televisión, and at December 31, 2015, operates six different TV channels: Telecinco, Factoría de Ficción, Boing, Cuatro, Divinity and Energy. The licenses to operate these channels were granted as follows:

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

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

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

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

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

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

- On May 6, 2014, the digital channels La Siete and Nueve ceased broadcasting in compliance with the sentence handed down by the Third Chamber of the Supreme Court, as decided at a Council of Ministers meeting held March 22, 2013.
- Based on an agreement reached by the Council of Ministers on October 16, 2015, the Company was granted a 15-year license to operate a new high-definition TDT channel, which may be extended in accordance with the terms stipulated by Audiovisual Law. Set broadcasting must begin within six months of being granted.
- Per Article 4 of its bylaws, the Company was incorporated for an indefinite period.
- The Company was admitted for listing on the Stock Exchange on June 24, 2004, and its shares are traded on the Madrid, Barcelona, Bilbao, and Valencia Stock Exchanges. The shares were included in the IBEX-35 index on January 3, 2005.
- The Group's main business activity is selling advertising on the TV channels it operates as a concessionaire, as well as similar, complementary, and related activities such as:
    - Audiovisual production
    - News agency
    - Advertising promotion
    - Online gaming
- The Company is head of a Group of subsidiaries making up the Mediaset España Comunicación Group. Consequently, Mediaset España Comunicación, S.A. is required to prepare, in addition to its individual financial statements, consolidated financial statements for the Group. The consolidated Group companies are as follows:

Fully consolidated companies	Country	12/31/15	12/31/14
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Conecta 5 Telecinco, S.A.U.	Spain	100%	100%
Mediacinco Cartera, S.L.	Spain	75%	75%
Publimedia Gestión, S.A.U. (1)	Spain	100%	100%
Advertisement 4 Adventure, S.L.U. (Previously Sogecable Media, S.L.U.)	Spain	100%	100%
Sogecable Editorial, S.A.U.	Spain	100%	100%
Premiere Megaplex, S.A.U.	Spain	100%	100%
Integración Transmedia, S.A.U (1)	Spain	100%	100%
Netsonic, S.L. (1)	Spain	69.86%	-

Fully consolidated companies	Country	12/31/15	12/31/14
Companies accounted for using the equity method	Country	12/31/15	12/31/14
Pegaso Televisión, Inc.	USA	44%	44%
Bigbang Media, S.L.	Spain	-	30%
Producciones Mandarina, S.L.	Spain	30%	30%
La Fábrica de la Tele, S.L.	Spain	30%	30%
Furia de Titanes II, A.I.E. (3)	Spain	34%	34%
Editora Digital de Medios, S.L.	Spain	-	50%
60 DB Entertainment, S.L.	Spain	-	30%
Megamedia Televisión, S.L. (2)	Spain	30%	30%
Supersport Televisión, S.L.	Spain	30%	30%
Netsonic, S.L. (1)	Spain	-	38.04%
Emissions Digitals de Catalunya, S.A.	Spain	40%	-

(1) The ownership interest in these companies is held through Publiespaña, S.A.U.

(2) The ownership interest in this company is held through Conecta 5 Telecinco, S.A.U.

(3) The ownership interest in this A.I.E. is held through Telecinco Cinema, S.A.U.

Changes in the consolidation scope during the year ended December 31, 2015

- On March 9, 2015, sale of the investment in Editora Digital de Medios, S.L.
- On June 3, 2015, sale of the investment in 60 DB Entertainment, S.L.
- On June 19, 2015, sale of the investment in BigBang Media, S.L.
- On May 27, 2015, the acquisition of 40% of Emissions Digitals de Catalunya, S.A.
- In 2015, the Group increased its investment in Netsonic, S.L. to 69.86% to thereby take control of the company.

This investment was made for 1,700 thousand euros. The business combination had no significant effect on these consolidated financial statements, and as indicated by applicable legislation, generated goodwill in the amount of 767 thousand euros.

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

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

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

SUBSIDIARIES

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

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

Grupo Editorial Tele 5, S.A.U.

Grupo Editorial Tele 5, S.A.U. was incorporated in Madrid on July 10, 1991, and its registered office is at Carretera de Fuencarral a Alcobendas, n° 4, Madrid.

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

Telecinco Cinema S.A.U.

Digitel 5, S.A.U. was incorporated in Madrid on September 23, 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, n° 4.

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

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

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

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

Publiespaña, S.A.U.

Publiespaña, S.A.U. was incorporated on November 3, 1988. Its registered office is at Carretera de Fuencarral a Alcobendas, n° 4, Madrid.

The company's objects are as follows:

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

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

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

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

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

Conecta 5 Telecinco, S.A.U.

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

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

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

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

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

Its company objectives are:

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

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

This company currently has no activity.

Advertisement 4 Adventure, S.L.U. (previously Sogecable Media, S.L.U.)

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

On October 2, 2015 Sogecable Media, S.L.U. changed its name to Advertisement 4 Adventure, S.L.U.; it is currently engaged in acquiring, subscribing, holding, administering, and selling fixed-income and equity securities, in all types of civil and mercantile, industrial, commercial, national, or foreign companies.

Sogecable Editorial, S.A.U

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

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

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

b) the representation of artists,

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

Premiere Megaplex, S.A.U.

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

The Company is engaged in:

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

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

Publimedia Gestión, S.A.U.

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

The Company's main activity is the sale of advertising or social communication projects.

Integración Transmedia, S.A.U.

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

The Company's main activity is the creation and execution of advertising projects as well as tasks related to contracting, intermediation, and distribution of advertising messages in any and all possible formats, through any and all dissemination methods or networks.

This Company is not currently active.

Netsonic, S.L.

Netsonic, S.L. is based in Barcelona on Gran Vía de las Corts Catalanes, 630, 4ª planta.

It is devoted to the creation of an online video advertising platform grouping Latin American channels, including international media groups with Latam audiences as well as those specifically aimed at Latam viewers.

ASSOCIATES OF MEDIASET ESPAÑA COMUNICACIÓN, S.A.

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

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

Company	2015	2014	Line of business
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	43.7%	43.7%	Channeling of the investment in Caribevisión Network, a TV broadcaster on the east coast of the US and in Puerto Rico
Bigbang Media, S.L. C/ Almagro,3 28010 Madrid	-	30%	Production and distribution of all classes of audiovisual programs and products in any support format
Emissions Digitals de Catalunya, S.A. Avda Diagonal, 477 08021 Barcelona	40%	-	Promotion, production, operation, and management of all types of activities related to TV broadcasting, on its own behalf or on behalf of third parties, including the indirect management of the public services of digital terrestrial channels.
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	30%	Creation, development, production, and commercial exploitation of audiovisual content
La Fabrica de la Tele, S.L. C/ Angel Gavinet, 18 28007 Madrid	30%	30%	Creation, development, production, and commercial exploitation of audiovisual content
Editora Digital de Medios, S.L. C/ Condesa de Venadito, 1 28027 Madrid	-	50%	Creation, development, and operation of a digital diary specialized in communication media, particularly audiovisual.
60 DB Entertainment. S.L. Avenida Diagonal, 558 08021 Barcelona	-	30%	Creation and development of audiovisual content in all formats, including: entertainment, fiction advertising, or similar, as well as the production and commercial exploitation of events in all forms and media formats.
Supersport Televisión, S.L C/ María Tubau, 5-4ªPlanta 28050 Madrid	30%	30%	Production of news programs, especially those which are sports-related.

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

Company	2015	2014	Line of business
Agrupación de Interés Económico Furia de Titanes II, A.I.E. C/ Teobaldo Power, 2-3°D Santa Cruz de Tenerife	34%	34%	Proprietary and third-party presentation of telecommunication services in all forms and formats, known or unknown, in accordance with legal regulations, and all types of participation in the creation, production, distribution, and all other operation of audiovisual productions, be they fiction, animated, documentary in nature.

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

Company	2015	2014	Line of business
Megamedia Televisión, S.L C/ María Tubau, 5-4ªPlanta 28050 Madrid	30%	30%	Creation, development, production, and operation of audiovisual multimedia content.

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

Company	2015	2014	Line of business
Netsonic, S.L Gran Vía de las Corts Catalanes, 630, 4ªPlanta 08007 Barcelona	(*)	38.04%	Creation of an online video advertising platform grouping Latin American channels, including international media groups with Latam audiences as well as those specifically aimed at Latam viewers.

(*) This company was taken over in 2015.

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

None of these companies is publicly listed.

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

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

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated financial statements for 2015 were formally prepared:

- By the directors, at the Board of Directors Meeting held on February 24, 2016.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

The consolidated financial statements were also prepared considering the following:

- All the accounting principles and standards, as well as the measurement bases which are of mandatory application which have a significant impact on the consolidated financial statements, as well as permitted alternatives and which are specified in the accompany notes thereto.
- The consolidated financial statements were prepared on a cost basis, except for derivatives and available-for-sale financial assets, which have been measured at fair value.
- Therefore, these financial statements give a true and fair view of the Group's consolidated equity and consolidated financial position at December 31, 2015, as well as the results of its operations, changes in consolidated equity and consolidated cash flows in the year then ended.
- On the basis of the accounting records kept by the Company and by the other Group companies.

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

Since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2015 and 2014 (IFRS-EU) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union (IFRS-EU).

The 2015 consolidated financial statements of the Group and the 2015 financial statements of the Group companies have not yet been approved by their shareholders at the respective annual general meetings; they are expected to be approved without modification.

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

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

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

At the date of authorization for issue of these consolidated financial statements, the Group had applied all the mandatory IFRSs and interpretations adopted by the European Union (IFRS-EU) and in force for annual periods beginning on or after January 1, 2015.

In accordance with mercantile legislation, for comparative purposes, figures for both 2015 and 2014 are presented for each of the captions included in the consolidated statement of financial position, consolidated separate income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement. In the notes to the consolidated financial statements quantitative information for 2014 is also included, unless an accounting standard specifically states that this is not required.

In accordance with the terms of the single additional provision of the Resolution of the Institute of Accounting and Auditors of Accounts on information to be included in notes to the financial statements regarding the average payment period to suppliers, the Company will only present the information for the year in Note 23.3, rather than comparative information; therefore, these are considered first-time consolidated financial statements for these exclusive effects, with regard to the application of the uniformity principle and the comparability requirement.

2.2. Changes in accounting policies

a) EU-approved standards and interpretations applicable for the first time in 2015

The accounting policies used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2014, as no new accounting principles, interpretation, or amendments applicable for the first time this year has had an effect on the Group.

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

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

IFRS 2 Share-based payments

This improvement is applied prospectively, and clarifies a number of topics related to the definition of service conditions and performance which are necessary for the concession to be vested. The clarifications are consistent with the Group's prior year identification of the performance and service conditions contingent to the concession's vesting period. The Group had not granted any rights during the second quarter of 2014 or in 2015. Thus, these changes have no effect on the Group's consolidated financial statements or accounting policies.

IFRS 8 Operating segments

The amendments are applied retroactively and clarify that:

- An entity must reveal management's judgments when applying the aggregation criteria discussed in paragraph 12 of IFRS 8, including a brief description of the operating segments added, as well as the economic characteristics (i.e., sales and gross margins) used to evaluate whether segments are "similar."
- The reconciliation between segment and total assets must only be broken down if it is communicated to the maximum decisionmaking authority. The same applies to the required breakdowns for segment liabilities.
- The Group did not apply IFRS 8.12 aggregation criteria. The Group details this in Note 5 to the consolidated financial statements for the year, and reports thusly to the maximum decisionmaking authorities.

IAS 24 Related party disclosures

This amendment is applied retroactively when key management personnel are not entity employees, but rather work for a different entity devoted to managing the different Group entities, in which case it is necessary to detail transactions with managing entities rather than with key management personnel. Management fees incurred must also be detailed. This amendment is not relevant for the Group, as it does not receive management services from other entities.

IFRS 9 Financial instruments

In July of 2014, the IASB published the final version of IFRS 9, "Financial Instruments;" and replaced IAS 39 "Financial Instruments: recognition and measurement," as well as all the prior versions of IFRS 9. This standard covers the three phases of financial instruments: classification, valuation, impairment, and hedge accounting. IFRS 9 indicates what is applicable for the years commencing January 1, 2018, and permits early application, but has not yet been adopted by the European Union. Apart from hedge accounting, it requires retroactive application, but no modification to comparative information. Hedge accounting criteria are generally applied prospectively, excepting for limited exceptions.

The Group plans to adopt the new standards at the required date of application. In 2015, the Group carefully analyzed the impacts of the three aspects of IFRS 9. This preliminary evaluation is based on currently available information, and may be subject to changes resulting from further analyses or information becoming available in the future. In general, the Group does not expect notable changes in its balance sheet or equity.

a) Classification and measurement

The Group does not foresee any important changes in its balance sheet or equity arising from the application of IFRS 9. It expects to continue measuring its financial assets at fair value as is its current practice.

The shares of unlisted entities are expected to be held in the foreseeable future. The Group expects to apply the option for presenting changes in fair value under "Other comprehensive income" and therefore considers that the application of IFRS 9 will not have a significant impact. If the Group does not apply this option, shares would be measured at fair value with changes in the consolidated separate income statement, which would increase the volatility of the results.

Loans and trade receivables are held for contractual cash flow, and it is expected that these are solely cash flows which only represent the payment of principal and interest. Therefore, the Group expects to continue to recognize amortized cost in accordance with IFRS 9. However, the Group will perform a more in-depth analysis of the characteristics of the contractual cash flows of these instruments prior to concluding on whether they meet the criteria for valuation at amortized cost, in accordance with IFRS 9.

b) Impairment

IFRS 9 requires the Group to recognize expected credit losses on all its debt instruments, loans, and trade receivables, either on a 12-month period or indefinitely. The Group expects to apply the simplified model, and recognize expected losses over the lives of all its trade receivables.

IFRS 15 - Revenue from Contracts with Customers

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

This new standard will amend all the previous standards regarding revenue recognition. Total or partial retroactive application is necessary for the periods commencing January 1, 2018 or subsequently, allowing for early application, although this standard still has not been adopted in the European Union. The Group plans to adopt the new standards at the required date of application using the total retrospective method. In 2015, the Group performed a preliminary evaluation of IFRS 15, which is subject to changes arising from a more detailed analysis underway. The Group is also considering the clarifications issued by the IASB in July 2015 draft regulations, and will supervise any other developments.

The Group's business is chiefly based on advertising sales in its own media (which is the most significant portion) as well as others; there is also another type of income which in general terms is very closely related to the Group's TV activity, which is its sole line of business encompassing the sale and distribution of film production rights, online games and contests, the distribution of agency services, or the operation of merchandising rights.

Advertising revenues from its own media is the main component of total income, and a preliminary estimate reveals that the new legislation should not significantly affect the recognition and accounting methods. These are specific and unique services in which commercial obligations are clearly defined and identified, the consideration of which is linked to meeting certain commercial targets which are revealed when they are accounted for, and are entirely linked to performance requirements agreed upon with the client, granting it the right to be paid for services rendered.

Regarding the remaining services comprising the Group's base income, and pending a more detailed analysis to be performed during the course of the year, at this time the impact of the new regulations on the current accounting treatment is not considered material.

Amendments to IFRS 11 - Acquisition of an interest in a joint operation

The amendments to IFRS 11 require that a joint operator recognize the acquisition of an investment in a joint operation constituting a business by applying the relevant principles for business combinations in IFRS 3. These amendments likewise clarify that investments originally held in the joint operation are not remeasured during the acquisition of additional shares while joint control is maintained. An exception was also added to the scope of these amendments so that they are not applicable when the parties sharing joint control are under the common control of a parent.

The amendments are applicable to the initial acquisitions of shares in joint operations, as well as the acquisition of any additional shares in the same joint operation. They must be applied prospectively for the years commencing January 1, 2016 or after, although their early application is permitted. The Group does not expect relevant effects from these amendments.

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

These amendments clarify that income is reflected as a pattern of economic benefits arising from operating a business (comprising part of its assets), rather than economic profit consumed by using the asset. Therefore, it is not possible to depreciate PP&E items using the depreciation method based on income, and may only be used in certain limited situations to depreciate the intangible assets. These amendments are prospectively applicable for the periods commencing January 1, 2016 or after, although their early application is permitted. These amendments will not have an impact on the Group's consolidated financial statements.

Amendment to IAS 27 - Equity method in separate financial statements

These amendments permit entities to use the equity method in the accounting treatment of its subsidiaries, joint ventures, and associates on their separate financial statements. Entities having applied the IFRS and decide to switch to the equity method must apply this change retroactively. First-time IFRS adopters applying the equity method to their separate financial statements must do so from the date of the transition. These modifications must be applied retroactively for the years commencing January 1, 2016 or after, although their early application is permitted. These amendments will not have an impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and associate or joint venture

The amendments deal with the conflicts between IFRS 10 and IAS 28 with regard to the treatment of loss of control of a subsidiary which is sold or contributed to an associate or joint venture. The amendments clarify that the gains or losses resulting from the sale or contribution of assets to a business (as defined in IFRS 3) between and investor and its associate or joint venture must be recognized in their entirety. Nonetheless, any gain or loss arising from the sale or contribution of assets which do not represent a company are only recognized to the extent that the investors' interests are not related to the associate or joint venture. The application of these amendments has been indefinitely postponed. The Group does not expect these amendments to have an impact.

Improvements to IFRSs - the 2012 -2014 Cycle

These improvements become effective for years starting January 1, 2016 or after. They include the following amendments:

IFRS 7 Financial Instruments Disclosures

(i) Service contracts
The amendment clarifies that a services contract including remuneration may represent continuing involvement in the transferred financial asset. An entity must determine the nature of the remuneration as well as the agreement taking IFRS 7 into account regarding continuing involvement in order to determine the breakdowns to be made. The determination of whether service agreements represent continuing involvement must be retroactive. However, it is not necessary to include comparative information prior to the first year during which the entity applies this amendment.

(ii) Applicability of the IFRS 7 amendments to the interim consolidated financial statements. The amendment clarifies that condensed interim financial statements need not include additional breakdowns unless they represent a significant change in the information included in the most recent financial statements. The amendment is applied retroactively.

IAS 34 Interim Financial Reporting

The modification clarifies that the disclosures required in the interim financial information may also be included on the interim financial statements, or that the interim financial information must include a cross reference as to where the information may be found in the interim financial information (for example, the Management report). Information available in the interim financial information must be made available to its users under the same conditions and at the same time as the interim financial statements. The amendment is applied retroactively.

The Group does not expect this standard to have any effect.

Amendments to IAS 1 - Disclosure initiative

The amendments to IAS 1 - Presentation of Financial Statements, clarify its requirements, rather than making significant modifications to it. They include:

- IAS 1 materiality requirements.
- The specific items on the separate income statement, the statement of other comprehensive income, and the statement of financial position can be desegregated.
- Entities are allowed flexibility as regards the order in which they present their notes to the financial statements.
- The share of other comprehensive income of associates and joint ventures which are accounted for under the equity method, the investment must be presented disclosing the related effect on a separate line, and classified among items which should or should not subsequently be reclassified to the income statement.

The amendments clarify the requirements to be applied when additional subtotals are presented on the statement of financial position, separate income statement, and other comprehensive income. These amendments become effective for years starting January 1, 2016 or afterwards, although their early application is permitted. The Group does not expect this standard to have an impact.

IAS 7 Cash flow statements: Disclosure initiative

These amendments require the Group to provide information on the changes in financial liabilities in a manner which makes changes in Group debt understandable. These amendments will help the users of financial statements to evaluate the changes in financial liabilities arising from financing activities, including changes in monetary and non-monetary transactions (such as exchange differences). The modifications include tables reflecting examples of the reconciliation of starting and ending balances for financial instruments which generate cash flows and are classified as financing activities, excluding equity instruments, and separating movements with cash flows from those which do not generate them. These modifications must be applied retroactively for the years commencing January 1, 2017 or after, although their early application is permitted. It is not necessary to provide comparative information for the prior year. Therefore, these amendments will not have any effects until 2017, when the information must be presented.

Amendments to IAS 12 - Recognition of deferred tax assets arising from unrealized losses

These amendments clarify the recognition of deferred tax assets corresponding to debt instruments valued at fair value. They must be applied retroactively for the years commencing January 1, 2017 or after, although their early application is permitted. These modifications will not have an impact on the Group, as it does not have any debt instruments which are measured at fair value.

2.3. Responsibility for the information and use of estimates

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

In preparing the Group's consolidated financial statements for 2015, certain estimates and assumptions were made on the basis of the best information available at December 31, 2015 on the events analyzed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the related consolidated income statement.

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

- **Impairment of non-current assets**

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

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

- **Impairment of financial assets**

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

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

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

- **Recoverability of deferred tax assets**

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

- **Provisions**

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.20. The Group has made judgments and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

- **Share based payments**

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

3. PROPOSED DISTRIBUTION OF THE PROFIT OF THE PARENT

The distribution of the parent's net profit for 2015 that its Board of Directors will propose for approval by the shareholders at the annual general meeting on April 13, 2016 is as follows:

Base for distribution	2015
Profit for the year	167,404
Total	**167,404**
Distribution	
Dividend	167,404
Total	**167,404**

4. ACCOUNTING POLICIES

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

4.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries at December 31, 2015. Control is obtained when the Group is exposed, or has the rights attached to variable returns arising from its involvement in a subsidiary, and is able to influence them as a result of the exercise of power over the subsidiary. Specifically, the Group has control of a subsidiary if, and only if it has:

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

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

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

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

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

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

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

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

4.2. Translation of financial statements of foreign subsidiaries

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

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

The difference between the equity of foreign companies translated at historical exchange rate, including the balance of the income statement, translated at average exchange rates and the equity obtained translating the assets, rights and liabilities by applying the criteria set forth above are shown with the corresponding plus or minus sign under equity in the consolidated statement of financial position.

4.3. Related parties

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

4.4. Current/Non-current classification

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

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

4.5. Property, plant, and equipment

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

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

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

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

	Rate
Buildings	3 %
TV equipment	20 %
Fixtures	10 %
Tools	20 %
Furniture	10 %
Computer hardware	25 %
Transportation equipment	14-15 %
Other items of property, plant, and equipment	20 %

4.6. Intangible assets

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

- Development expenditure

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

- Concessions, trademarks and trade names

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

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

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

- Computer software

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

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

4.7. Audiovisual property rights

4.7.1. Outside production rights

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

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

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

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

1. Films and TV movies (non-series)

1.1. Contractual rights for two screenings:

First screening: 50% of acquisition cost.

Second screening: 50% of acquisition cost.

1.2. Contractual rights for three or more screenings:

First screening: 50% of acquisition cost.

Second screening: 30% of acquisition cost.

Third screening: 20% of acquisition cost.

2. Other products (series)

Contractual rights for two or more screenings:

First screening: 50% of acquisition cost.

Second screening: 50% of acquisition cost.

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

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

4.7.2. In-house production rights

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

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

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

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

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

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

  First screening: 100% of the amortizable value.

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

  First screening: 90% of the amortizable value.

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

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

4.7.3. Distribution rights

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

The cost of the right is that stipulated in the contract. Amortization of distribution rights is recognized on the basis of the expected pattern of consumption in each window in which the right is used, as well as the estimated audiences for each window.

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

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

4.7.4. Co-production rights

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

The cost of the right is that stipulated in the contract. Amortization of co-production rights is recognized on the basis of the expected pattern of consumption in each window in which the right is used, as well as the estimated audiences for each window.

When the free-to-air broadcasting or right commences, it is reclassified to "In-house production rights."

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

4.7.5. Master copies and dubbing

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

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

4.7.6. Retransmission rights

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

4.8. Business combinations and goodwill

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

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

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

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

Goodwill is initially measured at cost. Goodwill is the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the Group conducts a news assessment to ensure that all the acquired assets and assumed obligations have been correctly identified, and reviews the applied procedures to perform the valuation of the amounts recognized at the acquisition date. If an excess in the fair value of net assets acquired over the aggregate amount of the transferred consideration, the difference is recognized as profit on the separate income statement.

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

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

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

Goodwill impairment losses cannot be reversed in future periods.

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

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

The equity method is applied to companies in which the Group exerts significant, direct, or indirect influence through the ownership of 20% or more of the voting rights in the investee.

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

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

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

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

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

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

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

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

4.10. Financial assets

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

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

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

- Held-to-maturity investments: non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the company. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method.

- Loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement such financial assets are carried at amortized cost using the effective interest rate method. Loans and receivables in the consolidated statement of financial position maturing in 12 months or less from the consolidated statement of financial position date are classified as current and those maturing in over 12 months as non-current.

- Available-for-sale financial assets: are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. Such financial assets are measured at fair value with unrealized gains or losses recognized directly in equity unless fair value cannot be reliably measured, which shall be measured at cost.

- Financial assets at fair value through profit and loss: financial assets classified as held for trading are included in the category financial assets at fair value through profit and loss. Financial assets are classified as held for trading when they are acquired for the purpose of selling in the near future. Derivatives are also classified as held for trading unless they are effective hedging instruments and identified as such. Gains or losses on financial assets held for trading are recognized in profit or loss. The Group has no held-for-trading financial assets.

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

4.11. Impairment of non-current assets

4.11.1. Non-financial assets

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

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

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

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

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

Goodwill and intangible assets

Goodwill and intangibles with indefinite lives are tested for impairment by determining the recoverable amount of the cash-generating unit (or groups of cash-generating units) to which the goodwill relates. If the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. At December 31, 2015, the recoverable amount of the cash-generating units exceeded the carrying amount.

4.11.2. Financial assets

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired. The following criteria are applied when calculating the impairment of specific assets:

- **Assets carried at amortized cost**

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

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

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognized when they are assessed as uncollectible.

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

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is transferred from equity to the separate income statement. Reversals related to equity instruments classified as available for sale, are not recognized on the separate income statement. Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the separate income statement.

4.12. Non-current assets held for sale

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

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

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

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

4.13. Inventories

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

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

4.14. Cash and cash equivalents

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

4.15. Grants

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

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

4.16. Treasury shares

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

4.17. Financial liabilities

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

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

4.18. Derivative financial instruments

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

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

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

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

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

The Group's financial derivatives at December 31, 2015 and 2014 were classified as held for trading, with gains or losses recognized in the consolidated separate income statement.

4.19. Derecognition of financial assets and liabilities

4.19.1. Financial assets

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

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

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

4.19.2. Financial liabilities

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

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

4.20 Provisions

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

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

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

4.21. Income tax

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

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Publiespaña, S.A.U.
- Publimedia Gestión, S.A.U.
- Mediacinco Cartera, S.L.
- Conecta 5 Telecinco, S.A.U.
- Sogecable Editorial, S.A.U.
- Advertisement 4 Adventure, S.L.U. (previously Sogecable Media, S.L.U.)
- Premiere Megaplex, S.A.U.
- Integración Transmedia, S.A.U.

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

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

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

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

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

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

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

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

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

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

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

4.22. Revenue and expense recognition

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

Income and expenses are recognized when the goods or services represented by them take place, regardless of when actual payment or collection occurs.

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

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

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

4.23. Equity-settled transactions

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

The options' fair value is measured based on an internal valuation using valuation option models – specifically, the binomial method – and taking into account the price of the option in the year, the life of the option, the price of the underlying shares, the expected volatility of the share price, estimated dividend payments and the risk-free interest rate for the life of the option. The option valuation models and the assumptions used are described in Note 22.

4.24. Transactions in foreign currency

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

4.25. Earnings per share

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

4.26. Environmental issues

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

5. SEGMENT INFORMATION

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

6. PROPERTY, PLANT, AND EQUIPMENT

The breakdown of the balances of "Property, plant, and equipment" and of the changes therein in the years ended December 31, 2015 and 2014 is as follows:

	Balance at 12/31/13	Additions	Disposals	Transfers	Balance at 12/31/14	Additions	Disposals	Transfers	Balance at 12/31/15
COST									
Land and natural resources	14,970	-	-	-	14,970	-	-	-	14,970
Buildings and other structures	37,786	76	-	125	37,987	143	(10)	562	38,682
Technical machinery, fixtures, and tools	98,049	2,404	(3,771)	1,114	97,796	1,622	(5,802)	2,984	96,600
Furniture and fixture	5,183	137	(208)	-	5,112	272	(493)	-	4,891
Computer hardware	15,437	902	(570)	274	16,043	747	(3,011)	687	14,466
Other items of property, plant, and equipment	550	19	(33)	-	536	149	(50)	-	635
Property, plant, and equipment under construction	979	2,996	-	(1,513)	2,462	10,129	-	(4,233)	8,358
Total cost	172,954	6,534	(4,582)	-	174,906	13,062	(9,366)	-	178,602
ACCUMULATED AMORTIZATION									
Buildings and other structures	(23,059)	(1,524)	-	-	(24,583)	(1,151)	-	-	(25,734)
Technical machinery, fixtures, and tools	(83,547)	(4,121)	3,758	-	(83,910)	(4,271)	5,711	-	(82,470)
Furniture and fixtures	(3,625)	(303)	205	-	(3,723)	(291)	469	-	(3,545)
Computer hardware	(12,557)	(1,590)	567	-	(13,580)	(1,318)	2,985	-	(11,913)
Other items of property, plant, and equipment	(487)	(25)	31	-	(481)	(40)	30	-	(491)
Total accumulated amortization	(123,275)	(7,563)	4,561	-	(126,277)	(7,071)	9,195	-	(124,153)
CARRYING AMOUNT	49,679	(1,029)	(21)	-	48,629	5,991	(171)	-	54,449

Additions in 2015 and 2014 relate to the acquisition of items of property, plant, and equipment required to continue with and increase the Group's activities.

Additions included under "Property, plant, and equipment under construction" during the year mainly included the purchase of technical installations used to transform the studios, as well as high-definition mobile units.

Disposals in 2015 and 2014 relate mainly to the retirement of fully depreciated items or that are no longer in use. In 2015, certain items of property, plant, and equipment were derecognized at a net carrying amount of 171 thousand euros, generating a loss on these transactions for the mentioned amount.

The breakdown of the fully depreciated property, plant, and equipment in use at December 31, 2015 and 2014 is as follows:

	2015	2014
Buildings	850	-
Computer hardware	9,862	9,333
Technical machinery, fixtures, and tools	67,487	70,043
Furniture	2,173	2,154
Other items of property, plant, and equipment	426	430
Total	**80,798**	**81,960**

The Group has taken out insurance policies to cover the possible risks to which its property, plant, and equipment are subject and related claims which might be filed. These policies are considered to adequately cover the related risks.

The Group had no items under finance leases at December 31, 2015 or at December 31, 2014.

The impact of depreciating property, plant and equipment recognized as in-house production rights was 200 thousand euros in 2015 and 1,006 thousand euros in 2014.

7. INTANGIBLE ASSETS

The breakdown of the balances of "Intangible assets" and of the changes therein in the years ended December 31, 2015 and 2014 is as follows:

	Balance at 12/31/13	Additions	Disposals and others	Transfers	Balance at 12/31/14	Additions	Disposals and others	Transfers	Balance at 12/31/15
COST									
Development expenditure	559	61	-	(620)	-	-	-	-	-
Concessions, patents, and trademarks	259,243	10	-	-	259,253	34	-	-	259,287
Computer software	27,298	1,323	(253)	891	29,259	928	(7,345)	319	23,161
Computer software in progress	191	253	-	(271)	173	1,016	(12)	(319)	858
Total cost	**287,291**	**1,647**	**(253)**	**-**	**288,685**	**1,978**	**(7,357)**	**-**	**283,306**
ACCUMULATED AMORTIZATION									
Concessions, patents, and trademarks	(37,726)	(8,071)	-	-	(45,797)	(8,078)	-	-	(53,875)
Computer software	(23,188)	(2,640)	253	-	(25,575)	(2,174)	7,159	-	(20,590)
Total accumulated amortization	**(60,914)**	**(10,711)**	**253**	**-**	**(71,372)**	**(10,252)**	**7,159**	**-**	**(74,465)**
CARRYING AMOUNT	226,377	(9,064)	-	-	217,313	(8,274)	(198)	-	208,841

Additions included under "Computer software" during the year mainly include the project for renewing the Group's website and video platform.

Disposals in 2015 and 2014 relate mainly to the retirement of fully depreciated items or that are no longer in use. In 2015, certain items of intangible assets were derecognized at a net carrying amount of 198 thousand euros, generating a loss on these transactions for the mentioned amount.

The breakdown of fully amortized intangible assets in use at December 31, 2015 and 2014 is as follows:

	2015	2014
Computer software	17,411	21,881
Concessions, patents, and trademarks	13,705	13,705
Total	**31,116**	**35,586**

8. AUDIOVISUAL PROPERTY RIGHTS

The breakdown of the balances of "Audiovisual property rights" and of the changes therein in the years ended December 31, 2015 and 2014 is as follows:

	Balance at 12/31/13	Additions	Disposals	Transfers	Balance at 12/31/14	Additions	Disposals	Transfers	Balance at 12/31/15
COST									
Outside production rights	420,081	117,141	(119,304)	3,113	421,031	121,218	(128,857)	1,600	414,992
Master copies	7	-	-	-	7	-	-	-	7
Dubbing	13,332	2,675	(2,279)	-	13,728	1,242	(1,514)	-	13,456
Co-production rights	168,846	(566)	-	719	168,999	(128)	(8,167)	5,556	166,260
In-house production rights	1,265,983	51,975	(2,600)	10,111	1,325,469	42,117	-	1,499	1,369,085
Distribution rights	15,623	1,816	-	3,055	20,494	2,434	-	6,426	29,354
Other ancillary work	749	-	-	-	749	-	-	-	749
Rights, options, script development	1,081	673	(217)	(993)	544	922	(288)	(60)	1,118
Start-up costs	158	-	-	-	158	-	-	-	158
Advances	11,413	21,423	-	(16,005)	16,831	10,386	-	(15,021)	12,196
Total cost	**1,897,273**	**195,137**	**(124,400)**	**-**	**1,968,010**	**178,191**	**(138,826)**	**-**	**2,007,375**
ACCUMULATED AMORTIZATION									
Outside production rights	(235,258)	(123,210)	119,304	-	(239,164)	(132,191)	128,857	-	(242,498)
Master copies	(7)	-	-	-	(7)	-	-	-	(7)
Dubbing	(11,491)	(2,232)	2,279	-	(11,444)	(1,736)	1,483	-	(11,697)
Co-production rights	(160,969)	(3,934)	-	-	(164,903)	(8,609)	8,167	-	(165,345)
In-house production rights	(1,235,864)	(64,496)	-	-	(1,300,360)	(47,534)	-	-	(1,347,894)
Distribution rights	(11,621)	-	-	-	(18,936)	(6,258)	-	-	(25,194)
Other ancillary work	(748)	-	-	-	(748)	-	-	-	(748)
Start-up costs	(153)	-	-	-	(153)	-	-	-	(153)
Total accumulated amortization	**(1,656,111)**	**(201,187)**	**121,583**	**-**	**(1,735,715)**	**(196,328)**	**138,507**	**-**	**(1,793,536)**
Provisions	(5,623)	(3,137)	5,103	-	(3,657)	(12,572)	3,634	-	(12,595)
CARRYING AMOUNT	235,539	(9,187)	2,286	-	228,638	(30,709)	3,315	-	201,244

The breakdown of the fully depreciated Audiovisual property rights in use at December 31, 2015 and 2014 is as follows:

	2015	2014
Master copies	5	6
Dubbing	10,852	9,716
Co-production rights	179,856	121,538
In-house production rights	1,319,172	1,262,518
Distribution rights	10,397	18,399
Other ancillary work	748	748
Start-up costs	121	121
Total	**1,521,151**	**1,413,046**

Of the total amount recognized under "Non-current assets - Audiovisual property rights" in the consolidated statement of financial position at December 31, 2015, the Group estimates that their consumption over the upcoming year will be approximately 67%, a similar figure recognized during the same period the year before.

Provisions at the end of 2015 relate to the net carrying amount of rights which, although they expire after December 31, are not included in the Group's future broadcasting plans at the date of authorization for issue of these consolidated financial statements. Should one of the Group's channels exercise these broadcasting rights, the provision corresponding to the broadcast would be reversed and the right would be amortized for the amount of the reversal. This would not have an impact on the consolidated separate income statement.

Therefore, the balance of this provision relates basically to the adjustment required to determine the carrying amount of the library. The provision recognized in the consolidated separate income statement at December 31, 2015 and 2014 amounted to 12,572 thousand euros and 3,137 thousand euros, respectively.

At December 31, 2015, there were firm commitments to acquire audiovisual property rights commencing on or after January 1, 2016 for a total amount of $42,113 thousand and 199,691 thousand euros. The commitments at year end 2014 amounted to $24,276 thousand and 150,850 thousand euros, respectively.

Advances were paid in respect of these firm audiovisual purchase commitments, which at December 31, 2015, totaled 2,102 thousand euros and $65 thousand. Advances paid in 2014 amounted to 1,996 thousand euros.

At the statement of financial position date there were commitments to purchase co-production rights, available from January 1, 2016, for a total amount of 45,090 thousand euros. The commitments at year end 2013 amounted to 39,850 thousand euros.

At December 31, 2015, advances of 7,199 thousand euros had been paid in connection with these firm commitments to purchase co-production rights. Advances paid in 2014 amounted to 10,420 thousand euros.

The Group had firm commitments to purchase distribution rights commencing on or after January 1, 2016 for a total amount of 7,090 thousand euros. At December 31, 2014, firm commitments to purchase distribution rights amounted to 13,265 thousand euros.

Advances of 1,223 thousand euros had been paid in connection with firm distribution right purchase commitments at December 31, 2015. Advances paid in 2014 amounted to 3,786 thousand euros.

Advances were also paid for fiction-based series amounting to 1,614 thousand euros at December 31, 2015 (629 thousand euros at December 31, 2014).

9. GOODWILL AND BUSINESS COMBINATIONS

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

Impairment testing of goodwill

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

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

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

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

Projected income estimated for upcoming years is calculated based on the abovementioned advertising market trend, while taking into account reasonable hypotheses regarding audience numbers.

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

The estimates cover a period of four years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2% (the same rate used the year before). Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. In this regard, the discount rate is between 8-9%, in line with last year.

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

Sensitivity to changes in assumptions

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

10. EQUITY METHOD INVESTMENTS

The amounts and changes in 2015 and 2014 in the items composing "Equity method investments" are as follows:

	Equity method investment
Balance at December 31, 2013	**394,863**
Increases / decreases	(385,000)
Share in profit (loss) of associates	1,898
Dividends received	(1,904)
Other movements	44
Balance at December 31, 2014	**9,901**
Increases / decreases	7,448
Share in profit (loss) of associates	(313)
Dividends received	(2,096)
Other movements	(58)
Balance at December 31, 2015	**14,882**

2015 and 2014 dividends correspond to La Fábrica de la Tele, Producciones Mandarina, Megamedia Televisión and Supersport Televisión subsidiaries.

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

Company	Investments accounted for using the equity method		Results of companies accounted for using the equity method	
	2015	2014	2015	2014
Pegaso Television, Inc.	1,681	2,500	(820)	(547)
Producciones Mandarina, S.L.	2,429	2,460	552	833
La Fábrica de la Tele, S.L.	2,763	2,568	1,135	1,318
BigBang Media, S.L.	-	720	-	(127)
Emissions Digitals de Catalunya, S.A. (*)	6,916	-	(1,884)	-
60 DB Entertainment, S.L.	-	447	-	4
Editora Digital de Medios, S.L.	-	67	-	(226)
Megamedia Televisión, S.L.	286	191	204	156
Supersport Televisión, S.L.	807	830	500	746
Netsonic, S.L.	-	118	-	(259)
Total	**14,882**	**9,901**	**(313)**	**1,898**

(*) Audited by PWC

a) Key financial highlights of companies accounted for using the equity method in 2015 and 2014:

Thousands of euros

2015	Assets	Equity	Liabilities	Income	Outcome
Pegaso Televisión, Inc. (1)	Data not available	3,846	Data not available	Data not available	(1,876)
Producciones Mandarina, S.L.	8,975	8,096	879	14,425	1,839
La Fábrica de la Tele, S.L.	15,102	9,204	5,898	27,690	3,779
Megamedia Televisión, S.L.	1,918	954	964	5,229	681
Supersport Televisión, S.L.	5,674	2,691	2,983	18,979	1,666
Emissions Digitals de Catalunya, S.A.	7,442	(3,630)	11,072	14,912	(6,481)

(1) Unaudited

Thousands of euros

2014	Assets	Equity	Liabilities	Income	Outcome
Pegaso Televisión, Inc. (1)	22,913	5,722	17,191	8,218	(1,249)
BigBang Media, S.L.	2,492	2,401	91	7,754	(423)
Producciones Mandarina, S.L.	10,817	8,201	2,616	18,720	2,777
La Fábrica de la Tele, S.L.	16,533	8,559	7,974	27,225	4,392
60 DB Entertainment, S.L (1)	380	329	51	1,276	13
Editora Digital de Medios, S.L. (1)	616	410	206	207	(176)
Megamedia Televisión, S.L.	1,494	636	858	4,283	520
Supersport Televisión, S.L.	6,448	2,766	3,682	22,125	2,487
Netsonic, S.L. (1)	989	(422)	1,411	533	(681)

(1) Unaudited

b) Main changes during the year

The Group sold its investment in Editora Digital de Medios, S.L., 60 DB Entertainment, S.L., and BigBang Media, S.L, which arose in a net profit of 151 thousand euros. Changes in the investments accounted for using the equity method are described in Note 1 under changes in the consolidation scope.

Jointly controlled entities

On May 27, 2015, Mediaset España Comunicación, S.A. acquired 40% of Emissions Digitals de Catalunya, S.A., comprised of 1,312 shares (numbers 1,969 to 3,280, inclusive). This company's registered address is in Barcelona, Avenida Diagonal 477, planta 16ª.

It is considered to share joint control, as there is a contractual agreement stipulating shared control of economic activity, and that its strategic, financial, and operating decisions are made unanimously by the parties sharing control.

At December 31, no impairment tests were performed on the Group's investment in "Emissions Digitals de Catalunya," as there were no indications that it existed; although the Company had negative equity at year end, there are participating loans granted by the majority shareholder, which is helping to restore equity.

11. OTHER NON-CURRENT FINANCIAL ASSETS

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

	12/31/2015	12/31/2014
Long term deposits	203	236
Loans to related companies (Note 25.1)	4,053	4,585
Other financial assets	9,394	365
Other	1,163	1,163
Total (Note 23.2)	**14,813**	**6,349**

Non-current loans to related companies

During 2015, "Non-current loans, related companies" included loans granted to Pegaso Televisión Inc. In 2014, this heading also included loans granted to Netsonic, S.L. amounting to 950 thousand euros, which were capitalized during 2015.

Other financial assets

This heading includes several minority financial investments in non-listed companies classified as available for sale assets (Note 23.2).

12. OTHER CURRENT ASSETS

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

	12/31/2015	12/31/2014
Prepaid expenses	6,796	12,787
Advance commissions	27	31
Total	**6,823**	**12,818**

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

13. NON-CURRENT ASSETS HELD FOR SALE

In 2014, the Group's stake in Grupo Yamm Comida a Domicilio, S.L. was transferred to "Non-current assets held for sale," which was then sold on January 26, 2015. This divestiture resulted in a 5,438 thousand euro profit which is recognized under "Gains (losses) on disposals of non-current assets available for sale".

On June 30, 2014, the 22% investment in DTS, Distribuidora de Televisión Digital, S.A. (hereinafter, DTS), was transferred to "Non-current assets held for sale", adjusting its value to Telefónica de Contenidos S.A.U.'s purchase offer; the latter is also a shareholder of the Company, and the offer was accepted by the Group. The purchase-sale agreement for the above investment was signed by both parties on July 4, 2014.

In 2015, 10,000 thousand euros in additional compensation were received when Telefónica acquired the Prisa package of shares in DTS, which were recognized during the year under "Gains (losses) on disposals of non-current assets available for sale ". In 2015, the additional complementary amount of up to 30,000 thousand euros was open, arising from the potential increase in the number of platform subscribers from the time control passed to Telefónica, with an effective four-year period from that moment onward.

14. CASH AND CASH EQUIVALENTS

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

	12/31/2015	12/31/2014
Cash	211,397	145,779
Short-term deposits	-	130,003
Total	211,397	275,782

"Short-term deposits" included a simple repo transaction (Treasury bills) totaling 130,000 thousand euros.

No restrictions to the availability of balances exist.

15. EQUITY

15.1. Share capital

On April 15, 2015, at the Annual General Meeting, the shareholders agreed to a share capital decrease amounting to 20,343 thousand euros through the redemption of 40,686,142 treasury shares, representative of 10% of share capital when this decision was made, leaving share capital at 183,088 thousand euros.

At December 31, 2015 the share capital consisted of 366,175,284 shares with a value of 0.50 euros each, represented by a book-entry system (406,861,426 shares with a value of 0.50 euros each at December 31, 2014). All share capital has been fully subscribed and paid up and is held as follows:

	2015	2014
Owner	% Interest	% Interest
Mediaset, S.p.A.	46.17	41.55
Free float	48.51	45.13
Treasury shares	5.32	9.66
Prisa Group	-	3.66
Total	100.0	100.0

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

Share transfers are governed by the General Audiovisual Communication Law 7/2010, of March 31.

15.2. Share premium

The share premium can be freely distributed. This decrease in 2015 was due to the capital decrease approved by the shareholders in general meeting on April 15, 2015.

15.3. Legal reserve and Goodwill reserve

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

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

The parent has set aside the full legal reserve required, included under "Other reserves" on the accompanying consolidated statement of financial position.

The parent has set aside a non-distribute reserve of 57,596 thousand euros (43,197 thousand euros at December 31, 2014). Effective January 1, 2016, this reserve will be reclassified to voluntary reserves, and will be available in the amount which surpasses goodwill recorded on the consolidated statement of financial position.

15.4. Dividends

During the general shareholders meeting, the decision was made to distribute profit for 2014 as follows:

	Thousand euros
Profit for the year	**59,963**
Goodwill reserve	14,399
Offset of years' losses	8,594
Dividends	36,970
Total	**59,963**

The ordinary dividend amounts to 0.1009635 euros per share after deducting the amount corresponding to the Company's treasury shares.

The distribution of an extraordinary dividend was also agreed upon, charged to unrestricted reserves in the amount of 10,571 thousand euros, equivalent to 0.0290365 euros per share, after discounting the amount corresponding to the Company's treasury shares.

Both dividends were paid to the shareholders of Mediaset España Comunicación, S.A. on May 4, 2015.

15.5. Treasury shares

Treasury shares were acquired mainly to cover the company's commitments in relation to share option plans. These plans are described in Note 22 to these consolidated financial statements. However, due to the sale of the 22% share in DTS Distribuidora de TV Digital, S.A. during 2014, the decision was made to create a repurchasing plan designed so that shareholders would receive a remuneration similar to the amount of the acquisition of the investment.

This plan finalized in 2015, with a new plan scheduled for launch in October 2015 with a maximum amount of 150 million euros, which at the date of the preparation of these consolidated financial statements has been already executed.

At December 31, 2015 the Company held 19,476,506 treasury shares valued at cost at 214,838 thousand euros (2014: 39,284,862 shares at 371,373 thousand euros, respectively).

The changes in "Treasury shares" in 2015 and 2014 were as follows:

	2015		2014	
	Number of shares	Amount (*)	Number of shares	Amount (*)
At beginning of year	**39,284,862**	**371,373**	**5,563,223**	**73,445**
Increase	21,609,964	238,586	34,583,221	307,514
Decrease	(41,418,320)	(395,122)	(861,582)	(9,586)
At year end	**19,476,506**	**214,838**	**39,284,862**	**371,373**

(*) Amounts in thousands of euros

The decrease in the number of treasury shares is chiefly due to the capital decrease approved by the shareholders in general meeting on April 15, 2015, and to a lesser degree, to the exercise of share options by certain beneficiaries, which were hedged by treasury shares, while increases are thanks to the execution of the share repurchasing plans underway during the year.

At December 31, 2015, the Company shares held by it and by its subsidiaries represented 5.32% of the share capital (2014: 9.66%).

15.6. Non-controlling interests

The breakdown, by company, of the balance of "Non-controlling interests" in the consolidated statement of financial position at December 31, 2015 and 2014 is as follows:

	2015			2014		
	Non-controlling interest	Separated profit(loss) attributable to non-controlling interests	Consolidated profit(loss) attributable to non-controlling interests	Non-controlling interest	Separated profit(loss) attributable to non-controlling interests	Consolidated profit(loss) attributable to non-controlling interests
Mediacinco Cartera, S.L.	8,197	(107)	(107)	8,303	(3,930)	(3,930)
Netsonic S.L.	(28)	(106)	(106)	-	-	-
Total	**8,169**	**(213)**	**(213)**	**8,303**	**(3,930)**	**(3,930)**

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

16. NON-CURRENT PROVISIONS AND CONTINGENCIES

Non-current provisions

These include provisions made in 2015 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in non-current provisions in the years ended December 31, 2015 and 2014 were as follows:

2015	Balance at 12/31/14	Charge for the year	Amount used	Amounts reversed	Transfer	Balance at 12/31/15
Provision for contingencies and charges	9,678	6,066	(2,789)	(2,964)	395	10,386

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

At December 31, 2015 and 2014, provisions for liabilities and charges relate to pending lawsuits and appeals between the Group and third parties. Provisions recognized in the year relate to new lawsuits facing the Group, while reversals relate to litigation that has been resolved.

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

Contingencies

PROCEEDINGS 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, and admitted on September 21, 2015, with a ruling that the appealed sentence was contested, ordering the return of the proceedings to the CNMC for it to hand down another decision proportionate to the charged and justified infraction.

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

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

On February 6, 2013, the Comisión Nacional de 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-0230/10 Telecinco/Cuatro merger dossier; a fine of 15,600 thousand euros was set.

The resolution states that Mediaset España failed to comply in 2011 and 2012 with four of the twelve commitments upon which the Telecinco/Cuatro merger was authorized (commitments (ii), (iii), (vi) and (xii)), as well as different requirements for providing information to the CNMC regarding these commitments.

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

- Regarding the sale of TV ad space: Mediaset España agreed that it would not jointly place advertisements with Cuatro and Telecinco or groups of channels whose overall audience topped 22%. Specifically, commitment (ii) prohibited formal or de-facto joint sales of advertising space with Telecinco and Cuatro. Among other stipulations, commitment (iii) established a functional split between Publimedia and Publiespaña, in order to handle free-to-air and pay TV separately.
- Limits were imposed for the acquisition of audiovisual contents from third parties. Commitment (vi) limited exclusive contracts to three year durations (in general terms), also excluding automatic renewal and other similar terms, while commitment (xii) prevented exclusive rights or first options on the entirety of national contents production/products.

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

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

- Regarding the commitment (ii) facts prove that Mediaset España did not commit the alleged infraction: in 2011 it lowered its share of the advertising market as well as the average per-ad price, while managing to keep its audience numbers constant. Reports prepared by external advisors conclude that Publiespaña has not failed to meet its commitments, and that it has not violated anti-trust laws.
- As regards commitment (iii), Mediaset España was careful to ensure that positions in Publimedia and Publiespaña were not duplicated. Likewise, there has been no indication whatsoever of a failure to meet the obligation to guarantee the functional or commercial independence of both companies.
- With respect to commitment (vi), Mediaset España has been charged with delay in granting suppliers the right to reduced contracts, and renouncing extension or preferential acquisition rights, which is untrue.
- With respect to commitment (xii), Mediaset España waived all the pertinent option rights included in contracts with producers.

Therefore, Mediaset España appealed the resolution in time and substance before the National Court of Justice, which subsequently suspended of the fine.

Recently, on December 15, 2014 and November 2, 2015, the Supreme Court partially upheld two appeals filed by Mediaset against certain CNMC actions, declaring certain of its interpretations and contents of the action plan null and void; the alleged infraction served as the basis for imposing the appealed fine. These sentences will have very favorable effects on the outcome for Mediaset

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

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

On September 17, 2015, the Consejo de la Comisión Nacional de Defensa de la Competencia (CNMC) handed down a ruling on Dossier SNC/0036/15 Mediaset (the "resolution"), in which it found that Mediaset España Comunicación, S.A. ("Mediaset España") failed to comply with one of the commitments of the Telecinco/Cuatro merger, and therefore set a fine of 3,000 thousand euros.

Specifically, based on the Resolution, Mediaset España supposedly did not comply in 2013 with the terms of the commitment (ii), as it allegedly linked the sale of Telecinco and Cuatro advertising space in a formal or de facto manner.

However, Mediaset España did not fail to comply with the above commitment, as there is not proof beyond a reasonable doubt that the conduct in question are tantamount to infractions; Mediaset sales figures for the period demonstrated that none of the alleged infractions took place. Reports prepared by external advisors conclude that Publiespaña did not fail to meet its commitments nor has it violated anti-trust laws.

Therefore, Mediaset España appealed the resolution in time and substance before the National Court of Justice, which subsequently suspended of the fine.

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

MADRID COURT OF FIRST INSTANCE 6: REGULAR PROCESS NUMBER 1181/10

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

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

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

The Company filed an appeal against the sentence, arguing the following:

- From a factual point of view, the Court did not consider any of the numerous items of proof submitted indicating that the defendant is not solely entitled to legal protection, which is the most substantive aspect of the case.
- Legally speaking, it is contradictory as it grants protection to elements lacking originality to the detriment of those which would make the program easily distinguishable from others similar in nature.
- Finally, the fine should have been limited to the industrial margin or profit which the supplier would have earned had the terms in the contracts been met, rather than the total amount of the estimated invoicing, as the supplier did not provide any services at all.

Based on the above, we consider it probable that the Provincial Court will overturn the sentence. In 2014, the Company decided to record a provision for part of the fine imposed under the first sentence, in line with its general risk management policy.

17. NON-CURRENT BORROWINGS FROM RELATED PARTIES

On December 31, 2014, this heading included a loan granted by Mediaset Investment, S.R.L.A. to Mediacinco Cartera, S.L., which matures on December 31, 2016, at a three-month Euribor rate plus 2.40%

In 2015, the loan was included under "Current payable to related parties" (Note 26.1).

18. BORROWINGS FROM THIRD PARTIES

This heading includes a loan granted by Catalunya Comunicacio, S.L.U. totaling 8,800 thousand euros for the acquisition of the investment in Emissions Digitals de Catalunya, S.A., of which 1,061 were classified as current in 2015. Said loan matures in 4 years and bears an interest rate of 2%. In 2015, a total of 359 thousand euros had been repaid.

19. CURRENT PROVISIONS

The breakdown of "Current provisions" for 2015 and 2014 is as follows:

	Balance at 12/31/14	Additions	Applications	Reversions	Balance at 12/31/15
Provisions for sales volume rebates	31,471	33,441	(30,073)	-	34,839
Provision for outstanding litigation	6,955	98	(6,955)	-	98
	38,426	**33,539**	**(37,028)**	**-**	**34,937**

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

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

20. TAX MATTERS

20.1. Consolidated Tax Group

Pursuant to current legislation, the Consolidated Tax Group includes Mediaset España Comunicación, S.A., as the parent, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups (Note 4.21).

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

20.2. Years open to tax inspection

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

On January 13, 2016, notification was received from the Spanish Tax Authorities and customs control department of the central office of major taxpayers that a tax inspection proceeding had been opened for the following items and years open to inspection:

Item(s)	Years
Income Tax	2011 a 2014
Value added tax	2012 a 2014
Withholdings/Payments on account/Professionals	2012 a 2014
Withholdings, non-resident income tax	2012 a 2014

The following Group items and periods are open to inspection:

Item(s)	Years
Income Tax	2011 a 2014
Value added tax	2012 a 2015
Withholding, non-resident income tax	2012 a 2015
Gaming tax	2012 a 2015
Annual transaction statement	2012 a 2015
Consolidated statement of intra-regional delivery and acquisition of assets	2012 a 2015

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 21.1) and the proposed settlement refer to Company transactions carried out in close observance of the criteria established by the tax authorities (more specifically the inspectors) arising from previous inspections and related to the same items and transactions identical in nature, and therefore, the parent's directors and tax advisors consider, there are solid arguments in the Company's defense for applying the above criteria in both lawsuits and appeals, and consequently obtaining a favorable result.

Based on the best interpretation of current legislation, the parent's directors and tax advisors consider that no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Group's transactions.

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

20.3. Balances relating to Public Authorities

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

	Balance at 12/31/15	Balance at 12/31/14
Deferred tax liabilities	**8,316**	**10,033**
Value added tax liability	10,814	16,729
Personal income tax withholdings	2,691	3,315
Payable to Social Security	1,563	1,559
Other public entities	7,440	8,177
Payable to tax authorities	**22,508**	**29,780**

	Balance at 12/31/15	Balance at 12/31/14
Deferred tax assets	134,507	164,783
Income tax receivable	9,424	12,459
Value added tax receivable	7,633	7,652
Other tax receivables	7	7
Receivable from tax authorities	**7,640**	**7,659**

As a result of Law 8/2009 on the Financing of Radio Televisión Española and the definitive procedure for calculating, declaring, and paying the amount developed in Royal Decree 1004/2010 of August 5, which implemented Law 8/2009 and ITC order/2373/2010 of September 9, approving the statements and prepayments set out in Law 8/2009, the amount corresponding to 3% of the Company's gross operating income billed is recognized under "Other public entities." At December 31, 2015, the outstanding balance is 6,529 thousand euros (2014: 7,592 thousand euros). The differences in the balance payable are due to the higher amount of payments on account in 2015 vs 2014.

20.4. Income tax

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

	2015	2014
Consolidated separate income statement		
Current income tax		
Current income tax expense	24,628	9,851
Change in deferred tax assets and liabilities		
Relating to increases and decreases in temporary differences	28,559	20,135
	53,187	**29,986**

	2015	2014
Consolidated statement of comprehensive income		
Deferred taxes related to items recognized directly as other comprehensive income		
Net gain (loss) on disposal of assets arising from non-current assets held for sale	-	(1,630)
Tax rate adjustment	-	109
Deferred taxes charged directly as other comprehensive income	**-**	**(1,521)**

	2015	2014
Consolidated profit before tax	219,140	85,548
Tax rate	61,359	25,664
Permanent differences	1,283	(338)
Tax credits and rebates	1,117	(4,949)
Tax rate adjustment	(307)	14,372
Utilization of unused tax losses	(10,814)	(4,907)
Other	549	144
	53,187	**29,986**

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

	2015		2014	
	P&L	Equity	P&L	Equity
Consolidated profit before tax:	219,140	-	85,548	5,432
Permanent differences	4,582	-	(905)	-
Temporary differences	(69,232)	-	(19,210)	(5,432)
Taxable income	**154,490**	**-**	**65,433**	**-**

Income tax payable was calculated as follows:

	2015
Taxable income	154,490
Tax payable (28%)	43,257
Utilization of unused tax losses	(10,814)
Deductions and rebates	(9,852)
Withholdings	(29,470)
Total income tax refund	**(6,879)**

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

Refundable Income tax is as follows:

	2015	2014
Corporate income tax refundable, 2013	-	9,905
Corporate income tax refundable, 2014	2,524	2,554
Corporate income tax refundable, 2015	6,879	-
Total	**9,403**	**12,459**

20.5. Deferred taxes

Corporation tax Law 27/2014, of November 27, modified the general tax rate 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 in 2015 was a credit of 307 thousand euros (charge of 14,372 thousand euros in 2014).

2015	Balance at 12/31/14	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/15
		Increases	Decreases		
Deferred tax assets					
Provision for litigation	634	172	-	-	806
Depreciation deductibility limit	26,986	-	(20,690)	-	6,296
Loss - investees	5,183	460	-	-	5,643
Other concepts	2,285	2,299	(19)	-	4,565
Unused tax deductions	53,934	-	(2,428)	-	51,506
Loss carryforwards	75,760	-	(10,070)	-	65,690
Total deferred tax assets	**164,783**	**2,931**	**(33,207)**	**-**	**134,507**

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

2015	Balance at 12/31/14	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/15
		Increases	Decreases		
Deferred tax liabilities					
Other items	7,203	1,282	(170)	-	8,315
Available-for-sale financial assets	1,521	-	(1,521)	-	-
Intangible assets	1,309	-	(1,309)	-	-
Total deferred tax liabilities	**10,033**	**1,282**	**(3,000)**		**8,315**

2014	Balance at 12/31/13	Income statement		Income and expenses directly recognized in equity	Balance at 12/31/14
		Increases	Decreases		
Deferred tax liabilities					
Other items	7,092	111	-	-	7,203
Available-for-sale financial assets	-	-	-	1,521	1,521
Intangible assets	2,792	-	(1,483)	-	1,309
Total deferred tax liabilities	**9,884**	**111**	**(1,483)**	**1,521**	**10,033**

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

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

Thousands of euros

	2015	2014
Deductions pending 2011	6,308	14,355
Deductions pending 2012	18,199	21,518
Deductions pending 2013	7,322	7,322
Deductions pending 2014	10,739	10,739
Deductions pending 2015	8,938	-
	51,506	**53,934**

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

21. GUARANTEE COMMITMENTS TO THIRD PARTIES

The breakdown, by nature, of the guarantees provided and received at December 31, 2015 and December 31, 2014, is as follows:

Thousands of euros

Nature of guarantee	12/31/15	12/31/14
Guarantees provided		
Surety bonds for contracts, concessions, and tenders	27,689	8,339
Guarantees deposited with the tax authorities	9,029	9,029
Payments into court	40,143	39,015
	76,861	**56,383**
Guarantees received	**16,509**	**19,648**

21.1. Guarantees provided

- The Group pledged guarantees amounting to 24,000 thousand euros which were necessary for participating in a public tender for local TV licenses, through the Council of Ministers' Agreement on April 17, 2015. In January of 2016, the Company recovered 12,000 thousand euros of the above amount.
- The Group pledged a guarantee of 9,029 thousand euros (Note 20.2) with the Tax and Customs Control Department arising from its appeal against the tax settlement agreement of which the Department notified the Group on May 20, 2013, which confirmed the proposal given in the assessment from the tax inspection dated April 16, 2013. The assessment covered verifications and investigations for "Taxes on games of luck, bets, or chance" during the period from June 2008 to December 2011 (Note 16).
- The Group submitted a 15.6 million euro guarantee with Section 6 of the National Appellate Court for the appeal against the administrative decision taken by the CNMC on February 6, 2013 (Dossier SNC/0024/12), by virtue of which Mediaset España was declared noncompliant with different commitments, thereby authorizing the Telecinco/Cuatro transaction; a fine was levied equal to the amount of the above guarantee.
- The Group submitted two guarantees amounting to 14,908 and 2,091 thousand euros, respectively to Madrid Mercantile Court number 6, in compliance with the ruling handed down by Provisional Enforcement Procedure number 360/2014 on December 22, 2014 (Note 16).

21.2. Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at December 31, 2015 and December 31, 2014 is shown in the preceding table.

22. SHARE-BASED PAYMENT PLAN

At December 31, 2015, as described below, the Group has one valid share option plans which it has granted to certain employees. It was approved in 2011.

The approved plan that remain in effect have a three-year accrual period and the given strike price, and, if applicable, is exercised, where applicable, through the delivery of the shares.

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

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

There were no new share option plans in 2015 and 2014, and therefore, during 2015 and 2014, no amounts were charged on the income statement related to these plans (Note 24.2).

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

These share-based payment schemes in 2015 are shown in the following table:

	Number of options	Strike price	Assignment date	From	To
Options granted	1,297,650	7.00	2010	07/28/2013	07/27/2015
Options canceled	(93,000)	7.00	2010		
Options exercised	(1,204,650)	7.00	2010		
2010 Plan	-				
Options granted	673,225	5.83	2011	07/27/2014	07/26/2016
Options canceled	(57,000)	5.83	2011		
Options exercised	(328,275)				
2011 Plan	287,950				
Total outstanding plans	**287,950**				

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

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

The Group has treasury shares to comply with these commitments.

23. FINANCIAL INSTRUMENTS

23.1 Derivatives

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

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at December 31, 2015 and 2014 is as follows:

Derivative financial assets

2015	Notional amount/ Maturity up to one year	Amount in $		Fair value (Note 23.2)
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	19,336	22,082	1.0887	865
Sales of dollars in euros	-	-	-	-
Net	**19,336**	**22,082**		**865**

2014	Notional amount/ Maturity up to one year	Amount in $		Fair value (Note 23.2)
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	16,096	21,026	1.2141	1,193
Sales of dollars in euros	-	-	-	-
Net	**16,096**	**21,026**		**1,193**

Derivative financial liabilities

2015	Notional amount/ Maturity up to one year	Amount in $		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	-	-	-	-
Sales of dollars in euros	523	577	1.0887	(7)
Net	**523**	**577**		**(7)**

2014	Notional amount/ Maturity up to one year	Amount in $		Fair value
		Dollars	Year - end (€/$) exc. Rate	
Purchase of unmatured currency				
Purchase of dollars in euros	-	-	-	-
Sales of dollars in euros	307	393	1.2141	(16)
Net	**307**	**393**		**(16)**

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.

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

Thousands of euros

	Equity instruments		Loans, derivatives and other financial assets		Total	
	2015	2014	2015	2014	2015	2014
Non-current financial assets						
Assets at fair value through profit or loss						
Held for trading		-		-		-
Other		-		-		-
Held-to-maturity investments		-		-		-
Loans and receivables		-	5,419	5,984	5,419	5,984
Available-for-sale financial assets						
Measured at fair value	9,394	365	-	-	9,304	365
Measured at cost	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
TOTAL	9,394	365	5,419	5,984	14,813	6,349
Current financial assets						
Assets at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Other	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-
Loans and receivables	-	-	226,561	203,995	226,561	203,995
Available-for-sale financial assets						
Measured at fair value	-	-	-	-	-	-
Measured at cost	-	-	-	-	-	-
Assets held for sale	-	7,933	-	-	-	7,933
Derivatives	-	-	865	1,193	865	1,193
TOTAL	**-**	**7,933**	**227,426**	**205,188**	**227,426**	**213,121**
TOTAL	**9,394**	**8,298**	**232,845**	**211,172**	**242,239**	**219,470**

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

	2015	2014
Non-current financial assets (Note 11)	14,813	6,349
Non-current assets held for sale (Note 13)	-	7,933
Accounts receivable	226,407	203,879
Other current financial assets	1,019	1,309
	242,239	**219,470**

"Accounts receivable" includes trade receivables less provisions for uncollectible receivables, which amounted to a gross 242,745 thousand euros in 2015 (2014: 219,684 thousand euros).

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

2015	Balance	Maturity			
		Under 3 months or past due	6 months	12 months	18 months
Trade receivables	224,732	222,213	2,459	60	-
Other debtors	453	453	-	-	-
Other financial current assets	1,019	1,019	-	-	-
TOTAL	**226,204**	**223,685**	**2,459**	**60**	**-**

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

The maturities of the trade receivables from related parties are shown in detail in Note 26.1.

Thousands of euros

	Bank borrowings		Payables, derivatives and other financial assets		Total	
	2015	2014	2015	2014	2015	2014
Non-current financial liabilities						
Trade and other payables	150	-	7,554	11,549	7,704	11,549
Liabilities at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Others					-	-
Derivatives	-	-	-	-	-	-
TOTAL	**150**	**-**	**7,554**	**11,549**	**7,704**	**11,549**
Current financial liabilities						
Trade and other payables	478	239	226,485	196,492	226,963	196,731
Liabilities at fair value through profit or loss						
Held for trading	-	-	-	-	-	-
Others	-	-	-	-	-	-
Derivatives	-	-	7	16	7	16
TOTAL	**478**	**239**	**226,492**	**196,508**	**226,970**	**196,747**
	628	239	234,046	208,057	234,674	208,296

At December 31, 2015, the Company had credit facilities amounting to 295,000 thousand euros. These bear interest at EURIBOR plus a market spread in line with Group solvency. In 2014, existing credit facilities totaled 360,000 thousand euro. These bear interest at IBOR plus a market spread in line with Group solvency.

The maturities of the 295,000 thousand euros of these credit facilities are distributed throughout 2016, and it is likely they will be renewed at the amounts which are appropriate to operational needs, and at prices which are in line with financial capacity and solvency.

At year-end 2015 and 2014 no amounts had been drawn down.

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

	2015	2014
Non-current borrowings from related parties (Note 17)	-	11,144
Non-current borrowings from third parties (Note 18)	7,380	-
Other non-current liabilities	324	405
Payable to related parties (Note 26.1)	25,034	18,243
Accounts payable for purchases and services	110,869	93,883
Accounts payable for audiovisual property rights	71,657	67,549
Bank borrowings	478	239
Current borrowings with third parties (Note 18)	1,061	-
Payables for non-current asset acquisitions	6,058	4,027
Remuneration payable	11,414	9,281
Other borrowings	399	3,526
	234,674	**208,296**

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at December 31, 2015 and 2014.

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

2015	Balance	Maturities		
		3 months	6 months	12 months
Accounts payable for purchases and services	110,869	110,817	52	-
Accounts payable for audiovisual property rights	71,657	71,309	318	30
Bank borrowings	478	478	-	-
Payables for non-current asset acquisitions	6,058	6,044	14	-
Total	**189,062**	**188,648**	**384**	**30**

2014	Balance	Maturities		
		3 months	6 months	12 months
Accounts payable for purchases and services	93,883	89,258	4,625	-
Accounts payable for audiovisual property rights	67,549	65,027	2,522	-
Bank borrowings	239	237	-	2
Payables for non-current asset acquisitions	4,027	3,880	147	-
Total	**165,698**	**158,402**	**7,294**	**2**

The maturities of the borrowings from related parties are shown in detail in Note 26.1.

23.3. Measurement at fair value

The following table reflects the fair value hierarchy of the Group's assets.

Breakdown of the fair value of the Group's assets in 2015:

Thousands of euros	Measurement date	Total	Fair value measurement used		
			Listed value on active markets (Level 1)	Significant observable values (Level 2)	Significant non-observable values (Level 3)
Assets measured at fair value:					
Financial assets - derivatives (Note 23.1)					
Forward currency contracts - $US	December 31, 2015	865	-	865	-
Available-for-sale financial assets (Note 23.2)					
Unlisted shares					
Different sectors with internet platforms	December 31, 2015	9,394	-	-	9,394

Breakdown of the fair value of the Group's assets in 2014:

Thousands of euros	Measurement date	Total	Fair value measurement used		
			Listed value on active markets (Level 1)	Measurement date	Total
Assets measured at fair value:					
Financial assets - derivatives (Note 23.1)					
Forward currency contracts - $US	December 31, 2014	1,193	-	1,193	-
Available-for-sale financial assets (Note 23.2)					
Unlisted shares					
Different sectors with internet platforms	December 31, 2014	365	-	-	365

Financial assets available for sale are financial investments acquired by the Group throughout 2015. At year end, no factors or evidence arose which lead us to consider that their fair value differs from the purchase price. At year-end 2016, the Group will analyze the above fair value in accordance with the corresponding measurement standard.

23.4. Information on the average payment period to suppliers. Third additional provision: "Disclosure requirements" of Law 15/2010 of July 5."

In accordance with the terms of the single additional provision of the Resolution of the Institute of Accounting and Auditors of Accounts dated January 29, 2016 on information to be included in notes to the financial statements regarding the average payment period to suppliers, the Group will only present the information for the year, rather than comparative information; therefore, these are considered first-time consolidated financial statements for these exclusive effects, with regard to the application of the uniformity principle and the comparability requirement.

Information on the average payment period to suppliers is as follows:

	2015
(Days)	
Average supplier payment period	77
Ratio of paid transactions	79
Ratio of transactions pending payment	68
(Thousands of euros)	
Total payments made	**569,799**
Total future payments	**96,449**

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

23.5. Capital management policy

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

23.6. Risk management policy

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

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

23.6.1. Credit risk

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

The Group maximum exposure to credit risk at December 31, 2015 and December 31, 2014 is as follows:

Thousands of euros

	2015	2014
Non-current receivables	14,813	6,349
Trade and other receivables	242,382	221,899
Trade receivables from related parties	1,089	2,098
Current financial assets	1,019	1,309
Cash and cash equivalents	211,397	275,782
	470,700	**507,437**

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

23.6.2. Operating activities

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

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

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

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

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

23.6.3. Investing activities

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

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

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

23.6.4. Liquidity risk

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

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

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

- Excess liquidity may only be invested in certain types of assets (see previous section on credit risk/investment activities) the liquidity of which is guaranteed.
- The amount of the Group's revolving credit lines ensures that the Group is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2015, the opening credit lines total 295 million euros (2014: total 360 million euros). Given the actual market situation, these credit lines have been contracted under very competitive financial conditions, which strengthen the financial sector's perception that the Group is creditworthy and sound.

23.6.5. Market risk (exchange rate, interest rate, and price risk)

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

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December 31, 2015, as the benchmark, we applied a variation of +50 basis points -20 basis points (+50 basis points – 10 basis points in 2014).

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

	Reference rate (%)	Cash surpluses	Annual interest	50 b.p.	Annual interest	-20 b.p.	Annual interest
12/31/15	-0.205%	192,405	(394)	0.295%	568	-0.405%	(779)

	Reference rate (%)	Cash surpluses	Annual interest	50 b.p.	Annual interest	-10 b.p.	Annual interest
12/31/14	0.018%	265,709	48	0.518%	1,316	-0.082%	(218)

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

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

The exposed statement of financial position value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (2015: 10.07% and 2014: 8.910%), to the year-end exchange rate.

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

Analysis of derivative assets in foreign currencies:

31/12/2015			31/12/2014		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
22,802	1.0887	865	21,026	1.2141	1,193
Sensibility analysis					
22,082	1.1983	(976)	21,026	1.1059	2,880
22,082	0.9791	3,117	21,026	1.3223	(219)

Analysis of derivative liabilities in foreign currencies:

31/12/2015			31/12/2014		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
577	1.0887	(7)	393	1.2141	(16)
Sensibility analysis					
577	1.1983	42	393	1.1059	(48)
577	0.9791	(66)	393	1.3223	10

Analysis of accounts payables to suppliers in foreign currency:

31/12/2015			31/12/2014		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
24,861	1.0887	(894)	25,136	1.2141	(1,391)
Sensibility analysis					
24,861	1.1983	1,195	25,136	1.1059	(3,417)
24,861	0.9791	(3,450)	25,136	1.3223	303

Analysis of accounts receivables in foreign currency:

31/12/2015			31/12/2014		
USD	Exchange rate	Differences	USD	Exchange rate	Differences
577	1.0887	12	393	1.2141	15
Sensibility analysis					
577	1.1983	(37)	393	1.1059	47
577	0.9791	71	393	1.3223	(11)

24. INCOME AND EXPENSES

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

Activity	2015	2014
Advertising revenue	901,788	858,106
Revenue from the rendering of services	48,824	53,011
Other	7,279	8,283
Total	**957,891**	**919,400**

24.2. The breakdown of "Staff costs" in 2015 and 2014 is as follows:

	2015	2014
Wages and salaries	88,798	89,756
Social security costs	15,667	15,806
Employee benefit costs	576	624
Total	**105,041**	**106,186**

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

	2015			2014		
	Men	Women	Total	Men	Women	Total
Managers	80	38	118	76	37	113
Supervisors	38	44	82	37	42	79
Journalists	52	87	139	53	89	142
Other line personnel	441	450	891	443	460	903
Other	21	3	24	20	3	23
Employees under contracts for project work or services	8	4	12	8	6	14
Total employees	**640**	**626**	**1,266**	**637**	**637**	**1,274**

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

	2015			2014		
	Men	Women	Total	Men	Women	Total
Managers	80	38	118	74	37	111
Supervisors	38	44	82	37	44	81
Journalists	52	86	138	52	88	140
Other line personnel	443	456	899	440	447	887
Other	21	2	23	20	3	23
Employees under contracts for project work or services	7	7	14	13	5	18
Total employees	**641**	**633**	**1,274**	**636**	**624**	**1,260**

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

	2015	2014
Charge for the year	799	3,309
Amounts used	(411)	(1,459)
Total	**388**	**1,850**

24.4. The breakdown of "Other expenses" in 2015 and 2014 is as follows:

	2015	2014
External services	184,599	178,018
Taxes	26,308	25,447
Other expenses	153	52
Overprovisions	(3,441)	(4,639)
Total	**207,619**	**198,878**

Overprovisions mainly include the reversal of the provisions explained in Notes 16 and 19.

24.5. Services provided by the auditors

"Other operating expenses" in the accompany consolidated separate income statement includes the fees for the audit of the Group's financial statements in 2015, conducted by Ernst & Young, S.L., amounting to 181 thousand euros, the same as for 2014.

The fees for other professional services provided principally to the parent by the principal auditor amounted to 173 thousand euros at December 31, 2015 (2013: 163 thousand euros).

24.6. The breakdown of the Group's net finance income in 2015 and 2014 is as follows:

	2015	2014
Interest income	1,186	2,291
Interest expenses	(1,991)	(2,923)
Total	**(805)**	**(632)**

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

Finance expenses arise from availability commissions associated to credit facilities.

24.7. Exchange differences

The breakdown of the exchange differences in 2015 and 2014 is as follows:

	2015	2014
Exchange gains	860	1,186
Exchange losses	-	(566)
Total	**860**	**620**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to $39 million in 2015 (2014: $35 million).

In addition, the balance of "Accounts payable for audiovisual property rightsW includes 22,761 thousand euros denominated in US currency in 2015 (2014: 20,711 thousand euros).

"Trade receivables for sales and services" include 536 thousand euros denominated in US currency in 2015 (2014: 408 thousand euros).

24.8. Operating leases

The breakdown of "Operating leases" in 2015 and 2014 is as follows:

Thousands of euros

	2015	2014
Minimum lease payments under operating leases recognized in profit or loss	1,389	1,370
	1,389	**1,370**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2015.

25. EARNINGS PER SHARE

The calculation of the weighted average number of shares outstanding and diluted at December 31, 2015 and 2014 is as follows:

	12/31/15	12/31/14
Total shares issued	**366,175,284**	**406,861,426**
Less: treasury shares	(17,858,918)	(19,859,706)
Total shares outstanding	348,316,366	387,001,720
Dilutive effect of share options and free delivery of shares	237,795	392,078
Total number of shares for calculating diluted earnings per share	348,554,161	387,393,798

25.1. Basic earnings per share:

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

Accordingly:

	12/31/15	12/31/14	Change
Net profit for the year (thousands of euros)	166,167	59,492	106,675
Number of shares outstanding	348,316,366	387,001,720	(38,685,354)
Basic earnings per share (euros)	0.48	0.15	0.32

25.2. Diluted earnings per share:

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

Accordingly:

	12/31/15	12/31/14	Change
Net profit for the year (thousands of euros)	166,167	59,492	106,675
Number of shares for calculating diluted earnings per share	348,554,161	387,393,798	(38,839,637)
Diluted earnings per share (euros)	0.48	0.15	0.32

26. RELATED PARTY TRANSACTIONS

26.1. Transactions with associates and shareholders

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

Non- current loans to related companies

Note 11 includes a non-current loan granted to Pegaso Inc. In 2014, this also included loans granted to Netsonic, S.L. which were capitalized during 2015.

Related-party balances

At year-end 2014, Note 17 included a non-current loan granted by Mediaset Investment, S.R.L.A. maturing in 2016. In 2015, the loan is included under "Non-current borrowings with related parties."

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

Credit facilities

	Current limit	Drawn down (Dr) Cr	Non-current limit	Drawn down (Dr) Cr	Maturity
2015					
Associates or shareholders	75,000	10,075	-	-	2016
2014					
Associates or shareholders	-	-	75,000	11,144	2016

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread for 2015 and 2014.

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

The Group's trade payables and receivables with related parties are as follows:

	12/31/15		12/31/2014	
	Receivable	Payables	Receivable	Payables
Big Bang	-	-	-	17
Producciones Mandarina, S.L.	5	1,651	(2)	5,482
La Fábrica de la Tele, S.L.	-	8,222	-	6,488
Editora Digital de Medios	-	-	79	55
Emissions Digitals de Catalunya	50	1,911	-	-
Megamedia Televisión	49	834	43	922
Supersport Televisión	220	750	244	520
Mediaset Group	765	11,666	471	2,469
Prisa Group	-	-	1,263	2,290
Total	1,089	25,034	2,098	18,243

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

2015	Balance	Maturities		
		3 months	6 months	12 months
Investee	324	324	-	-
Mediaset Group	765	724	41	-
Total	1,089	1,048	41	-

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

Current payables to related parties by maturity are as follows:

2015	Balance	Maturities		
		3 months	6 months	12 months
Investee	13,368	13,368	-	-
Mediaset Group	11,666	1,277	314	10,075
Other companies	-	-	-	-
Total	25,034	14,645	314	-

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

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

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

	Sales of goods		Other earnings		Purchase of goods		Other expenses		Purchase of rights	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
60 Db Entertainment	-	-	-	-	-	11	-	-	-	-
Editora Digital de Medios	5	65	-	-	14	201	-	-	-	-
Big Bang Media, S.L.	7	3	-	-	-	1,924	-	-	30	5,389
Digital +	-	45	-	-	-	11,393	-	-	-	-
La Fábrica de la Tele, S.L.	2	-	-	-	26,616	27,243	-	-	-	-
Producciones Mandarina, S.L.	30	18	-	-	10,524	16,680	-	-	2,901	-
Netsonic, S.L.	-	-	-	-	-	145	-	-	-	-
Megamedia Televisión	212	187	-	-	4,782	4,194	-	-	-	-
Supersport Televisión	1,538	1,523	-	2	9,965	13,208	-	-	-	-
Emissions Digitals de Catalunya	166	-	-	-	4,237	-	-	-	-	-
Mediaset Group	2,157	1,789	-	-	1,372	1,502	1,508	3,165	-	-
Prisa Group	-	1,191	-	-	-	3,479	-	-	-	-
Pegaso Group	-	-	1,068	1,026	-	-	-	-	-	-
Total	**4,117**	**4,821**	**1,068**	**1,028**	**57,510**	**79,980**	**1,508**	**3,165**	**2,931**	**5,389**

Dividends received from related entities during 2015 and 2014 were as follows:

	2015	2014
La Fabrica de la Tele, S.L.	882	1,200
Producciones Mandarina, S.L.	583	526
Megamedia Televisión	109	32
Supersport Televisión	522	146
	2,096	**1,904**

Related party transactions include a consultancy service agreement between a Group company (Publiespaña) and a board member of the parent.

26.2. Remuneration of directors

The Company's Board members earned total remuneration of 5,425 thousand euros and 5,585 thousand euros in 2015 and 2014, respectively, in the form of salaries and other compensation in kind.

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

At December 31, 2015, the most significant information on the share options granted by the Company to its directors is summarized as follows:

	Number of share options	Number of share options exercised	Number of outstanding options/shares
Total Board of Directors	**656,275**	**534,125**	**122,150**
Options granted in 2010	433,250	433,250	-
Options granted in 2011	223,025	100,875	122,150

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.

26.3. Compensation to key management personnel

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

Number of persons		Total compensation (Thousands of euros)	
2015	2014	2015	2014
21	21	7,511	7,459

A list of the key management personnel is included in the accompanying Corporate Governance report. The remuneration consists of a fixed amount and a variable amount. The variable remuneration is determined by applying a percentage to the fixed remuneration in each case, based on the extent to which certain annual targets are met.

In 2014 and 2015, management was not assigned share options.

27. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Nothing significant to report.

28. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

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

Madrid, February 24, 2016.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31, 2015

(EXPRESSED IN THOUSAND OF EUROS)

THE SPANISH ECONOMY IN 2015

Information on economic performance at the date of the preparation of these consolidated financial statements indicates that during 2015, Spain was one of Europe's fastest-growing economies, and the clear leader among large economies in the zone, several of which were quite stagnant quarter after quarter.

This positive trend, which is estimated at 3.2% inter-annually during 2015 in GDP terms (practically double the average in Europe), reflects the smooth road to economic recovery which began last year.

The global outlook, with definitive data for the year still not available, growth is forecasted at 3.1%, a figure which is nearly identical to that of the Spanish economy, and which is quite indicative of its improvement during the year vs the other countries. Based on the above, growth indicators for advanced economies predict a 1.9% growth for the year, while the EU will only grow 1.6%.

The United States should grow around 2.4%, which is in line with 2014, and is rather disheartening, especially as regards the less dramatic than expected improvement observed during the second half of the year.

Worth mentioning is the economic performance of emerging countries which have dropped 6 decimal points' growth during the year; China is a case apart, due to the size of its market, its significance to the global economy, idiosyncrasies, and its terribly opaque financial markets, while both Russia and Latin America (notably Brazil) are entering negative growth territory as a result of the combination of a drop in demand and raw materials, and the unprecedented plummeting price of oil, which without a doubt represents one of the most relevant matters during 2015, whose consequences on the overall trend of world economy still remains to be seen.

In effect, the past year was marked by the uncertainties surrounding the Chinese market, which finally led to a small cataclysm in the markets and volatility worldwide. The above is indicative of the beginning of a change in China's development model, which was established on the pillars of investment and infrastructures, and now is more dependent on consumption.

Its enormous economy lacking in transparency has unleashed a generalized lack of confidence in the markets, and at the same time has increased volatility and aversion to risk for investors, which was reflected in the generalized drop in stock markets worldwide.

The steep decline in oil prices to levels unheard of over the past 13 years has to a greater or lesser extent fostered and continues to foster social tension in countries whose tax income is dependent on oil to maintain welfare benefits as well as other basic services.

Geopolitical tensions are on the rise in specific areas of the planet (such as Syria, Iraq, Iran, Saudi Arabia, North Korea, etc., which are undoubtedly correlated to the above economic factors), while the current US presidential campaign features a much wider spread in political positioning than in prior election years. The above global economic backdrop is becoming increasingly complex.

As a result of this environment, the year got off to a start with generalized drops in stock exchanges, and steep corrections in nearly every market due to the generalized spiral of securities sales by investors wishing to unburden themselves due to fears that the prevailing risk factors might finally evolve into a new recession. This process continues open as of today's date.

The abrupt corrections in the securities markets are occurring in a context in which the economic performance of the European Union was more dynamic than in prior years, although growth rates (estimated at 1.6% for the year overall) have hardly been spectacular: nearly all the lagging countries, such as France and Italy, seemed to have gained traction, while the United Kingdom is still growing over the Eurozone average.

As mentioned previously, data for Spain available at the date of the preparation of these consolidated financial statements indicates that the GDP grew 3.2% in 2015, which is nearly twice the expected rate for Germany, four times over Italy, over 2.5 times higher than France, and a third higher than the UK. This figure is not at all bad, although the financial crisis hit Spain with much more force than other European Union members; several more years must pass in order to attain balanced positions recorded in 2007.

In any case, these figures are heartening and should not be dismissed: consumption will overtake the GDP, and serve as a catalyst for greater dynamism in the labor market: although it is still lagging due to a disproportionate 20.9% unemployment rate, 525,000 new jobs were created during the year, shrinking this rate 5 points since its highest point during the first quarter of 2013.

The performance of the Spanish economy in 2015 was boosted by strong tailwinds which simultaneously assisted this recovery: the drop in the price of oil (fantastic news for such an oil-dependent country), tax reductions for companies and individuals, and the continuation of the European Central Bank's expansive monetary policies.

Apart from the steep unemployment rate, there are another two aspects worth mentioning about Spain's economy during the year: its indebtedness vs. other markets (in which public debt surpassed 100% of the GDP at year end), and the deficit of Public administrations which clearly has surpassed European Union commitments.

In this sunny economic scenario, which also has its shadows, the current political uncertainty due to the fragmented and highly-complex result of the General Elections held on December 20, which still have not been resolved; a new government still has not been formed, and indeed, there are few expectations that it will without the need to once again call for elections. Recent encounters between the PSOE (the political party called upon to attempt to reach agreements aimed at investiture) and other parties within the parliamentary scope; however, it is impossible to guess whether a sufficient majority will be attained, or if new elections will be necessary.

Whatever the end result, it is clear that the sooner a new government is formed terminating this current legislative impasse, the better it will be for Spain, since the climate of volatility and uncertainty, as well as the lack of overall political instability is exerting a negative effect.

THE TELEVISION INDUSTRY IN 2015: THE YEAR IN WHICH MANY SECTOR UNCERTAINTIES WERE DISPELLED

As reflected in the 2014 Management Report, the investment in TV advertising investment grew 10.9% during the year, unheard of since prior to the crisis.

According to unofficial data at the date of preparation of these consolidated financial statements, TV advertising grew 6.4% in 2015, which is under 2014 and sequentially reflected a more positive performance at the first half of the year. This is explained by the increasingly demanding comparisons with prior years, and also because TV advertising took off about six months before the overall Spanish economy did, creating a shift in the comparison bases as the cycle progressed.

In any event, once more, TV advertising demonstrated its strength in the overall advertising market, increasing its presence to 40.1%, all despite the growing predominance of online advertising; both platforms are potentially convergent and non-exclusive as regards advertiser penetration targets.

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 downturn, it still posted some of the highest figures in the business. This was a year in which investment showed a remarkable recovery, and is without a doubt an indication of the medium's excellent health 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.

Based on best estimates at the date of the preparation of these financial statements, in 2015 the Mediaset Group captured 43.4% of the average investment in this medium (2014: 44.2%), which was chiefly thanks to the 2014 World Football Championship.

With regard to the audience, data for the year unequivocally indicate that the Group continues as the indisputable overall leader (31.0%), with a 0.3 point increase with respect to 2014, and even despite a more difficult comparison with the prior year, due to sporting events held then (mainly, the Brazil World Cup). This historic record for a commercial Spanish television channel is 4.2 higher than our main competitor, with just 26.8% for all its channels together.

These data are also very positive for our main channel (Telecinco), which has increased its share of audience 0.3 points, from 14.5% to 14.8%, the pinnacle since 2009. These numbers reflect that our benchmark channel is 1.4 points over its chief competitor, Antena 3, with a 13.4% share during the year.

Cuatro's audience ratings grew 0.5 points during the year (7.2% vs. 6.7% the prior year), thereby making it the year's fastest-growing channel, while the Group's four theme-related channels (Factoría de Ficción, Boing, Divinity, and Energy) registered a cumulative audience share of 9%, just 3 points with respect to our main competitor's channels.

Therefore, during 2015, a tender took place to assign the frequencies withdrawn from the open-air channels (in which our Group had to return two of its nine affected channels), due to a Supreme Court ruling which ordered their return under the tender offer, with the subsequent assignment of channels.

The end result was the assignment of six channels in all, one corresponding to our Group and another to AtresMedia, while the other four (one which is high definition and three standard) were granted respectively to Real Madrid, the Spanish Episcopal Conference, Kiss FM, and Secuoya.

In this new panorama, Mediaset España is consolidated with one more channel than AtresMedia, confirming our position in a stable scenario as regards the number of operators in the sector after a period marked by uncertainty and turmoil caused by the legal proceedings filed against the prior channel assignation scheme, which is without a doubt magnificent news for the sector.

Comparing the Group's results in 2015 with those of 2014, the following is evident:

- Total operating income rose from 932,087 thousand euros in 2014 to 971,931 thousand euros in 2015, mainly due the increase in advertising revenues.
- Operating expenses went from 787,333 thousand euros in 2014 to 766,747 thousand euros in 2015, with a decrease which can be explained by the 2014 World Cup broadcast as well as the continuation of the Group's traditional cost containment policies.
- Finally, the net result attributable to the year during 2015 was 166,167 thousand euros vs. 59,492 thousand euros during 2014, which is a very significant improvement, mainly thanks to the recovery of operational margins during the year based on the increase in operating income, and expense control.

DIVIDENDS

In 2015, a total of 36,970 thousand euros in dividends were distributed, charged to 2014 results, as well as another extraordinary dividend amounting to 10,571 thousand euros.

INVESTMENT IN AUDIOVISUAL RIGHTS AND FILM PRODUCTION

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

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

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

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

For Telecinco Cinema, 2015 was once again an extraordinary year, even when considering that 2014 was exceptional, during which three productions were received with open arms by critics and the public alike:

"Atrapa la Bandera," a film for children in line with the hugely successful "Aventuras de Tadeo Jones," which earned box office income of over 11 million euros, thereby becoming the second-ranked Spanish film in these terms.

"Regresión," Alejandro Amenábar's recent return to the thriller market, is a Spanish-Canadian co-production, featuring an impressive cast of international actors. It has so far earned 9 million euros at the box office, and ranks in fourth place among the year's Spanish films.

"Ocho Apellidos Catalanes:" the incomparable sequel to "Ocho Apellidos Vascos" with the same director ans cast, while also including new comedy talents, with a box office take of 36 million euros. This was the biggest earner during the year (surpassing even "Star Wars: the force awakens"), and is not only the third-ranked filmed in box office terms in Spanish film history, but also the top sequel of all time.

Overall, the Spanish film market was superb, reaching 119 million euros of box office earnings during the year, and attracting 18 million spectators, representing 20% of the market, all thanks to (and said humbly) Telecinco Cinema, which is providing us the energy to continue working at maximum potential, with high optimism and total effort and dedication to continue producing quality films for all audiences. This will continue in a favorable economic environment characterized by a positive trend in consumption (a reduction in VAT applied to theater tickets would greatly assist in this area), leading to a long-expected improvement in the sector.

It is also important to point out that there are projects in the works for 2016 in line with the above successes, and we expect to contribute to helping Spain's cinema business progress further, offering its spectators and critics quality products, thereby helping to bolster its presence nationally and internationally.

To this end, we are collaborating with directors such as Daniel Calpasoro, J.A. Bayona, Alex de la Iglesia, Daniel Monzón, or Paco León among others, on projects such as "Cien Años de Perdón," "Un monstruo viene a verme," "Perfectos Desconocidos," "Marrowbone," "Es por tu bien," "Tadeo Jones y el Secreto del Rey Midas," and "KIki, el amor se hace" etc. which should be on the market in 2016 and 2017.

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 2015, growing 33.8% in single surfers with respect to 2014.

Telecinco.es was once again the TV website with most views, with an average of 9.8 million monthly visits. Divinity.es, the Group's fashion and celebrity website, reached a record number of viewers, with an average number of users totaling 1.5 million, while Cuatro.com attracted 3.9 million monthly visitors.

Our Group has always pioneered interactivity with viewers through mobile apps related to its most successful programs, registering over 11 million downloads on smartphones and tablets, with the most popular being Mitele (4.5 million), "La Voz" (1.6 million), "Gran Hermano" (2.6 million), Mediaset Sport (0.5 million), and "Moto GP" (0.4 million).

TREASURY SHARES

At December 31, 2015, the Company held 19,476,506 of its own shares, representing 5.32% of share capital in circulation. During the year, 40,686,142 securities were amortized, equivalent to 10% of the parent's share capital, which had been classified as treasury shares.

PAYMENTS TO SUPPLIERS

During 2015, the average payment to the Group's national suppliers was 77 days. This difference is notable when compared to the maximum stipulated by payment arrears regulations, and is exclusively due to the rigorous control exercised by the Group with regard to mercantile and tax requirements to be met by invoices received, meaning that they are not paid until the incidents detected have not been resolved. The Group scrupulously meets its commitments with regard to legislation aimed at battling late payments.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

After two years of solid advances and one of a transition, during 2015 the European Stock Exchanges were highly volatile, characterized by a rise during the first half of the year, supported by lax ECB monetary policies, while the second half performed poorly due to uncertainties surrounding China's economy as well as those of other emerging countries, which fostered a massive securities dump.

Eurozone indices ranged from the rise of the Milan FTSE MIB (at the top end) at a 12.7% to Spanish IBEX 35 rate (at the bottom), leading to a drop of 7.15% to 9,544 points, with an annual high of 11,866 points on April 13. The previously-mentioned risk factors exerted a negative effect on global markets which, in addition to growing political uncertainty arising from the Catalonian elections and the fragmented political panorama reflected in December's General Elections, were responsible for the considerable hesitancy of investors.

These uneven European level results were in line with the German DAX and the French CAC40, which rose 9.6% and 8.5% respectively, while the UK FT100 ceded 4.9%.

The ascendant US indices halted for the first time in six years, reflecting S&P 500 (-0.7%) and Dow Jones (-2.2%) losses.

Mediaset España's stock market price in 2015 dropped 3.97%, with its listed price at December 31, 2015 of 10.03 euros. The year's minimum was reflected on October 1, with a listed price of 9.69 euros; the maximum was recorded on July 16, when it reached 13.10 euros. The daily average of traded securities was 2,123,756 with an average daily volume of 22,753 thousand euros, with a total traded volume of 5,847.5 million euros, representing a 21% increase over the preceding year.

In terms of stock market capitalization, at December 31 3,672.7 million euros were reached, placing us at the head of Spain's communication media groups, and at a huge distance from our main competitor, and 32% over the sum of the remaining sector companies which are listed on the Spanish stock exchange; in Europe, our Group ranks fourth after ITV, Prosieben, and Mediaset.

Mediaset España ranks 28th among IBEX 35 companies in terms of market cap.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

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

Mediaset España's commitment to the regulations and principles of good government has been evident since it first was listed on the market in 2004. Since then, our focus has been on adapting our different regulating bodies to the Code of Good Governance as well as others inexistent until now: our Code of Ethics is obligatory for any natural or legal person collaborating in any and all capacities with us, as well as the Rules of Internal Conduct of Mediaset España Comunicación, S.A. and subsidiaries with regards to the securities market.

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

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

HEDGING

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

RISK CONTROL

The Group's risk management policies are described in Note 23.5 of the accompanying consolidated financial statements.

RESEARCH AND DEVELOPMENT COSTS

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

EVENTS AFTER THE REPORTING PERIOD

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

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out in 2010 to acquire Cuatro and 22% of Digital+ amounted to 123,320,928.00 euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of 0.50 euros each. As a result of the capital increases, the number of shares increased to 406,861,426 of 0.50 euros par value each, taking the total to 203,430,713 euros. In 2015, a capital decrease of 40,686,142 securities took place, leaving share capital represented by 366,175,284 shares. 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 and its perspectives, as well as disposable family income and unemployment figures. However, a perspective on how these variables interact must be based on a sufficient period of time; otherwise, results can be misleading.

It therefore seems superfluous to mention that our Group's business in 2016 cannot be extracted from the current macroeconomic environment in which we operate, as well as the correlated figures; we have explained that the economic data for 2015 clearly indicate that Spain is back on track and growing, at the fastest rate in our environment. We must remember, however, that we started out from a worse situation than similar countries, as the impact of the crisis in Spain was comparatively much more devastating, and that the growth is also attributable to external factors (such as the ECB's monetary policies, the price of oil, etc.) the duration of which are not foreseeable.

Authorized economic forecasts consider that the Spanish GDP will reflect a slightly slower growth than during 2015: should predictions prove to be correct, it will be around 3%, and perhaps a bit higher when discussing private consumption, which is the most relevant indicator for open-air TV.

However, at least two factors hovering over the 2016 economic scenario make it necessary to take a cautious view: the volatility of the financial markets, and the crises underway in emerging countries, which pushed the price of raw materials which support their economies downward towards historical minimums. In both cases, these are elements which are quite destabilizing which, at the date of preparation of these consolidated financial statements, in terms of probabilities does not seem capable of precipitating a new recession; indeed, they will be present for some time, foreseeably until supply and demand are balanced, especially that of oil.

Developments in China and the determination of whether or not it will be able to make a soft landing during its transition to an economic model based on infrastructures and exports to another based on consumption will without a doubt be one of the axes determining world economics in 2016.

Finally, we must not forget the current political environment in Spain, and the need for a stable government to be formed as soon as possible, with sufficient parliamentary support so as to move forward with growth during recent years: although consolidated, it has not been sufficient to resolve the basic economic issues left behind by the 2008-2013 economic crisis. The underlying issues of Spain's unemployment and public deficit may or may not last, especially in such a turbulent global economic time. We expect and hope that these thorny issues be resolved as soon as possible, and that we can continue on the road to growth without encountering any further bumpy patches.

As regards free-to-air television, we expect that the process of consolidation and normalization in our sector during recent years, in which our Group was a pioneer, to continue apace, most notably now, when as mentioned previously, a stable environment in which six new channels were assigned in the past year.

We expect the advertising cycle to continue apace on the back of the underlying economic growth; in this context, the recovery of advertising sales prices which were seriously affected during the crisis, will continue as a priority.

Available data on TV consumption and its share of the total advertising income pie indicate that after the economic recovery is consolidated, TV advertising revenues will not have suffered from the arrival of new platforms which involve television operators such as ourselves.

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 (which in 2016, will include another member) to gain a better rapport with the audience and serve as a more effective way to present ourselves to our clients.

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

Also, once our sector's economic situation seems more normalized, we will maintain our shareholder remuneration policies based on distribution (using the different measures at our disposal, dividends, the purchase of treasury shares, 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.

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

A. Appointment and removal of directors.

Article 41 of the Company bylaws:

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

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

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

Article 54 of the Company bylaws:

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

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

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

Article 55 - Removal of directors

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

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

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

B. Amendments to the Company's bylaws.

Article 34 - Adoption of resolutions

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

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

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

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

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

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

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

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

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

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

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

   e) Payment of interim dividends.

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

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

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

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

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

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

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

   m) Oversight of investing and financing policy.

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

   o) Approval of corporate governance policy

   p) Oversight of corporate social responsibility policy.

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

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

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

t) Approval of Company policy on treasury shares.

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

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

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

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

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

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

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

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

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

These transactions may be undertaken:

a) Directly by the Company or by other Mediaset España Group companies.

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

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

9.2. Policy on treasury shares

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

9.3. General principles guiding trading in treasury shares

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

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

9.3.2. Purpose

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

9.3.3. Transparency

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

9.3.4. Insider information

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

9.3.5. Neutrality in price formation

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

9.3.6. Brokerage

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

9.3.7. Counterparty

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

9.3.8. Restrictions

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

9.3.9. Amendment

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

9.4. Stock option plans

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

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

The Management Control Department shall be responsible for managing treasury shares.

9.5.1. Special duty of confidentiality

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

9.5.2. Duties

The Department shall be responsible for:

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

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

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

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

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

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

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

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

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

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

Position	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 04/24/02 and 12/31/07: 24 months' salary Termination between 2008 and 2011: 18 months' salary Termination thereafter: 12 months' salary
General Manager	Severance scheme: a) Voluntary redundancy: accrual per annum: fixed annual salary + annual bonus/13.5, so that total compensation is equivalent to the total years worked, b) Justified or unjustified dismissal: legally prescribed severance + severance set out in a) above
Division Manager	Termination of contract by the Company (except in case of just cause): An indemnity of one year of gross fixed salary plus legally prescribed severance.
Manager	Termination of contract for reason attributable to the Company (except in case of just cause): 18 months of fixed salary (including legally prescribed severance).

Read with the accompanying explanatory notes.

Madrid, February 24, 2016.

ANNUAL CORPORATE GOVERNANCE REPORT

DOWNLOAD DOCUMENTS:

ANNUAL CORPORATE GOVERNANCE REPORT 2015 (PDF) >>

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