Audit report

MEDIASET ESPAÑA COMUNICACIÓN, S.A. (formerly GESTEVISIÓN TELECINCO S.A),. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report for the year ended 31 December 2011

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
(Free translation from the original in Spanish. In care of conflict the Spanish version prevails)

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

We have audited the consolidated financial statements of MEDIASET ESPAÑA COMUNICACIÓN, S.A. (Parent company) and subsidiaries (the Group), which consist of the consolidated statement of financial position at 31 December 2011, the consolidated separate income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As explained in Note 2.1, the directors of the Parent are responsible for the preparation of the Group's consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union and other regulations regarding financial information applicable to the Group. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with the prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and evaluation of whether the financial statements, the principles and criteria applied, and the estimates made, are in accordance with the applicable regulatory requirements regarding financial information.

In our opinion, based on our audit report and the audit report of the other auditors, the accompanying 2011 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and financial position of MEDIASET ESPAÑA COMUNICACIÓN, S.A. and subsidiaries at 31 December 2011 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year then ended, in conformity with the International Financial Reporting Standards adopted by the European Union and other applicable regulations regarding financial information.

The accompanying 2011 consolidated management report contains such explanations as the directors of MEDIASET ESPAÑA COMUNICACIÓN, S.A. consider appropriate concerning the situation of the Group, the evolution of its businesses and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the consolidated financial statements for the year ended 31 December 2011. 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 GESTEVISIÓN TELECINCO, S.A. and its subsidiaries.

Mediaset España Comunicación, S.A. (formerly Gestevisión Telecinco, S.A.) and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2011, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and Directors' Report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

ASSETS	31/12/11	31/12/10(*)
NON-CURRENT ASSETS		
Property, plant and equipment (Note 6)	**54,459**	**49,177**
Intangible assets (Note 7)	**242,720**	**250,372**
Audiovisual property rights (Note 8)	**260,960**	**265,343**
Goodwill (Note 9)	**287,357**	**287,357**
Equity method investments (Note 10)	**483,087**	**496,725**
Non-current financial assets (Note 11)	**55,462**	**61,087**
Deferred tax assets (Note 18.3)	**158,125**	**160,050**
Total non-current assets	**1,542,170**	**1,570,111**
Current assets		
Inventories	**7,720**	**10,288**
Accounts receivables	**229,613**	**270,457**
Trade receivables for sales and services	213,765	263,021
Trade receivables from related parties (Note 25.1)	2,867	5,805
Sundry receivables	7	51
Employee receivables	91	132
Other receivable from public authorities (Note 19.3)	12,145	1,328
Income tax current assets (Note 19.3)	738	120
Other current assets (Note 12)	**65,555**	**13,666**
Other current financial assets (Note 13)	**55,790**	**28,489**
Cash and cash equivalents (Note 14)	**58,574**	**87,900**
Total current assets	**417,252**	**410,800**
TOTAL ASSETS	**1,959,422**	**1,980,911**

(*) Restated

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2011.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

EQUITY AND LIABILITIES	31/12/11	31/12/10
EQUITY (Note 15)		
Share capital	203,431	203,431
Share premium	1,064,247	1,065,351
Share based payment reserves	14,139	12,781
Other reserves	124,572	380,679
Treasury shares	(84,746)	(84,746)
Reserves in associates	(19,424)	(235,405)
Profit for the year attributable to the Parent	110,519	70,545
Total equity of the Parent	**1,412,738**	**1,412,637**
Non-controlling interests	13,098	(36,532)
Total equity	**1,425,836**	**1,376,105**
NON-CURRENT LIABILITIES		
Long term provisions (Note 16)	**29,306**	**31,978**
Non-current liabilities (Note 17)	**283**	**73,853**
Deferred tax liabilities (Note 19.5)	**5,305**	**-**
Total non-current liabilities	**34,894**	**105,831**
Current Liabilities		
Payable to related parties (Note 25.1)	**62,013**	**43,306**
Accounts payable for purchases and services (Note 22)	**191,341**	**230,526**
Accounts payable for audiovisual rights (Note 22)	**93,777**	**33,934**
Other non-trade payables	**93,637**	**132,906**
Bank borrowings	61,774	71,012
Government grants and other loans	225	328
Payables to public authorities (Note 19.3)	15,229	36,492
Payables for non-current asset acquisitions	4,583	4,694
Remuneration payable	11,227	20,356
Other borrowings	529	24
Short-term provision (Note 18)	**57,665**	**57,426**
Other current liabilities	**259**	**877**
Total current liabilities	**498,692**	**498,975**
TOTAL EQUITY AND CURRENT LIABILITIES	**1,959,422**	**1,980,911**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement of financial at 31 December 2011.

CONSOLIDATED SEPARATE INCOME STATEMENT AT 31 DECEMBER 2011 AND 2010

	31/12/11	31/12/10
INCOME		
Revenue (Note 23.1)	984,902	837,801
Sales	1,022,198	848,070
Discount and volume rebates	(58,850)	(40,332)
Revenue from the rendering of services	21,554	30,063
Other operating incomes	24,428	17,260
Total operating income	**1,009,330**	**855,061**
EXPENSES		
Decrease in inventories of finished goods and work in progress	(8)	4,226
Procurements	256,895	234,656
Staff costs (Note 23.2)	116,603	89,884
Amortisation of audiovisual property rights	227,680	144,522
Depreciation and amortisation charge	14,861	7,967
Change in operating provisions (Note 23.3)	801	662
Other expenses (Note 23.4)	227,969	153,703
Total operating expenses	**844,801**	**635,620**
Profit from operations	**164,529**	**219,441**
Net finance income/expense (Note 23.6)	3,431	3,452
Exchange differences(Nota 23.7)	1,556	(393)
Result of companies accounted for using the equity method (Note 10)	(22,955)	(176,798)
Sale/Impairment losses of other financial assets	(11,091)	(9,245)
Gains (losses) on disposals of non-current assets available for sale (Note 11)	15,661	43
Profit before tax	**151,131**	**36,500**
Income tax (Note 19.4)	38,482	(22)
Profit for the year	**112,649**	**36,522**
Attributable to:		
Shareholders of the Parent	110,519	70,545
Non-controlling interests	2,130	(34,023)
Earnings per share (Note 24.1)	**0,28**	**0,17**
Diluted earnings per share (Note 24.2)	**0,28**	**0,17**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2011 AND 2010

	31/12/2011	31/12/2010
PROFIT FOR THE YEAR	112,649	36,522
Reclassification from “Equity method investments” To “Non-current assets - Available for sale financial assets (Note 10)	30,414	-
Components of other comprehensive income relating to companies accounted for using the equity method (Note 10)	-	10,851
TOTAL PROFIT FOR THE YEAR	**143,063**	**47,373**
Attributable to:		
Shareholders of the parent	140,933	78,684
Non-controlling interests	2,130	(31,311)

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2011 AND 2010

	Share Capital	Share Premium	Share bases payment reserve	Legal Reserve	Other Reserves	Treasury Shares	Reserves in associates	Profit for the Year	Total equity of the parent	Non-controlling Interest	Total
Balance at 31/12/10	**203,431**	**1,065,351**	**12,781**	**24,664**	**356,015**	**(84,746)**	**(235,405)**	**70,545**	**1,412,637**	**(36,532)**	**1,376,105**
Components of other comprehensive income	-	-	-	-	30,414	-	-	-	30,414	-	**30,414**
Profit (Loss) for the year	-	-	-	-	-	-	-	110,519	110,519	2,130	**112,649**
Total comprehensive income for the year	-	-	-	-	**30,414**	**-**		**110,519**	**140,933**	**2,130**	**143,063**
Distribution of profit for the year	-	-	-	16,022	50,081	-	(135,718)	(70,545)	**(140,160)**	-	**(140,160)**
Treasury shares	-	-	-	-	-	-	-	-	-	-	**-**
Capital increase expenses	-	(1,104)	-	-	-	-	-	-	**(1,104)**	-	**(1,104)**
Share based payment	-	-	(1,358)	-	-	-	-	-	**1,358**	-	**1,358**
Other changes	-	-	-	-	(352,625)	-	351,699	-	**(926)**	47,500	**46,574**
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	
Balance at 31/12/11	**203,431**	**1,064,247**	**14,139**	**40,686**	**83,885**	**(84,746)**	**(19,424)**	**110,519**	**1,412,738**	13,098-	**1,425,836**

	Share Capital	Share Premium	Share bases payment reserve	Legal Reserve	Other Reserves	Treasury Shares	Reserves in associates	Profit for the Year	Total equity of the parent	Non-controlling Interest	Total
Balance at 31/12/09	**123,321**	**37,013**	**11,491**	**24,664**	**253,413**	**(60,734)**	**(140,780)**	**48,442**	**296,830**	(5,221)	**291,609**
Components of other comprehensive income	-	-	-	-	8,138	-	-	-	**8,138**	2,713	**10,851**
Profit (Loss) for the year	-	-	-	-	-	-	-	70,545	**70,545**	(34,023)	**36,522**
Total comprehensive income for the year	-	-	-	-	8,138	**-**	**-**	70,545	**78,684**	**(31,311)**	**47,373**
Distribution of profit for the year	-	-	-	-	91,649	-	(91,647)	(48,442)	(48,440)	-	**(48,440)**
Treasury shares	-	-	-	-	-	(24,012)	-	-	(24,012)	-	**(24,012)**
Capital increase	80,110	1,028,338	-	-	-	-	-	-	**1,108,448**	-	**1,108,448**
Share based payment	-	-	1,290	-	-	-	-	-	**1,290**	-	**1,290**
Other changes	-	-	-	-	2,816	-	(2,978)	-	**(162)**	-	**(162)**
Non-controlling interests	-	-	-	-	-	-	-	-	**-**	**(1)**	**(1)**
Balance at 31/12/10	**203,431**	**1,065,351**	**12,781**	**24,664**	**356,015**	**(84,746)**	**(235,405)**	**70,545**	**1,412,637**	**(36,532)**	**1,376,105**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2011.

CONSOLIDATED STATEMENT OF CASH FLOW AT 31 DECEMBER 2011 AND 2010

	31/12/11	31/12/10
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	**151,131**	**36,500**
Adjustment for:		
Amortisation of audiovisual property rights (Note 8)	227,680	144,522
Depreciation and amortisation charge (Note 6 and 7)	14,861	7,967
Result of companies accounted for using the equity (Note 10)	22,955	176,798
Change in provisions for contingencies and charges	(2,672)	10,658
Net finance income (Note 23.6)	(3,431)	(3,452)
Net exchange differences (Note 23.7)	(1,556)	393
Proceeds from disposal of non-current assets)	(15,661)	(43)
Disposals other assets	2,421	2,634
Impairment of other financial assets	11,091	9,245
Profits from operations before changes in working capital	**406,819**	**385,222**
Change in operating assets and liabilities net of the impact of acquisition of new investments		
Inventories	3,990	4,271
Accounts receivable	53,433	14,032
Other current assets	(63,240)	4,831
Accounts payable	(46,301)	2,816
Other current liabilities	(30,545)	13,293
Change in provisions	239	(32,735)
Cash flows from operating activities	**324,395**	**391,730**
Taxes paid at sources	(33,483)	(25,190)
Net cash flows from operating activities (A)	**290,912**	**366,540**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment (Note 6)	(12,739)	(7,566)
Investment in intangible assets (Note 7)	(2,828)	(2,524)
Investments in audiovisual property rights	(166,270)	(161,495)
Disposals of audiovisual rights	2,816	3,369
Disposals of non-current financial assets	(5,049)	2,051
Investments in subsidiaries	-	(532,094)
Investment in other non-current financial assets	(27,301)	(49,958)
Dividend received	35,093	1,015
Interest received	7,268	3,616
Net cash acquired in business combinations		**37,805**
Net cash flows from investing activities(B)	**(169,010)**	**(705,781)**
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	(23,107)	(17,082)
Interest paid	(2,887)	(2,219)
Dividends paid (Note 15.2)	(140,160)	(48,440)
Short term Financing	16,482	(4,782)
Acquisition of treasury shares (Note 15.4)		
Net increase in equity	**-**	**493,707**
Net cash flows used in financing activities (C)	**(149,672)**	**421,184**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	**(27,770)**	**81,943**
Net foreign exchange difference	**(1,556)**	**393**
Net change in cash and cash equivalents	**(29,326)**	**82,336**
Cash and cash equivalents at beginning of the year (Note 14)	**87,900**	**5,564**
Cash and cash equivalents at end of the year (Note 14)	**58,574**	**87,900**

The accompanying Notes 1 to 26 are an integral part of this consolidated financial statement at 31 December 2011.

1. Objects of the Gestevisión Telecinco, S.A. Group companies

<u>MEDIASET ESPAÑA COMUNICACIÓN, S.A. - PARENT</u>

Gestevisión Telecinco, S.A. (the Company), actually Mediaset España Comunicación, S.A. ("Mediaset España", the "Company" or the "Parent") domiciled at the Carretera de Fuencarral to Alcobendas No. 4, 28049 Madrid, was incorporated as a public limited company on 10 March 1989.

The Company is devoted to the indirect management of Servicio Público de Televisión, at 31 December 2011 operates six different TVchannels: Telecinco, Siete, Factoria de Ficción, Boing, Cuatro and Divinity, having commenced test broadcasting a new channel: 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 28 August 1989, as well as a concession contract ratified by public deed on 3 October, 1989, as well as the transactions resulting from these arrangements.

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

- A Council of Ministers' resolution of 25 November 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 26 March 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 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial TV. Without prejudice to the above and in conformity with Transitional Provision Two of the Audiovisual Law, on 3 May 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 11 June 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 31 March.

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

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

- 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 24 June 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 3 January 2005.

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

Fully consolidated companies

	Country	2011	2010
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.(*)	Spain	-	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%
Canal Factoría de Ficción, S.A.U.	Spain	100%	100%
Atlas Media, S.A.U. (3)	Spain	-	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. (3)	Spain	-	100%
MiCartera Media, S.A.U. (3)	Spain	-	100%
Publimedia Gestión, S.A.U. (1)	Spain	100%	100%
Sociedad General de TV Cuatro, S.A.U. (*)	Spain	-	100%
Compañía Independiente de Noticias de Televisión, S.L. (*)	Spain	-	100%
Sogecable Media, S.A.U.	Spain	100%	100%
Sogecable Editorial, S.A.U.	Spain	100%	100%
Premiere Megaplex, S.A.U.(**)	Spain	100%	-

Companies accounted for using the equity method

	Country	2011	2010
Premiere Megaplex, S.A. (**)	Spain	-	50%
Pegaso Televisión, Inc	USA	44%	44%
Edam Acquisition Holding I Coöperatief U.A. (2)	Netherlands	-	33%
Bigbang Media, S.L.	Spain	30%	30%
Producciones Mandarina, S.L.	Spain	30%	30%
La Fábrica de la Tele, S.L.	Spain	30%	30%
DTS, Distribuidora de Televisión Digital, S.A. (4)	Spain	22%	22%

(1) The ownership interest in these companies is held through Publiespaña, S.A.U.
(2) The ownership interest in this company is held through Mediacinco Cartera, S.L. In 2011, this investment has been classified under “Non-current financial assets”.
(3) Liquidated up in 2011.
(*) Companies absorbed by Mediaset España Comunicación in 2011.
(**) At 31 December 2011, the ownership interest stood at 100%. Therefore, the company was fully consolidated.

Changes in the consolidation scope during the year ended 31 December 2011.

- In 2011, Mediaset España Comunicación, S.A. took over and merged subsidiaries Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., Sociedad General TV Cuatro, S.A.U. and Compañía Independiente de Noticias de Televisión, S.L. This did not have any impact on the Group's consolidated financial statements.

- Also during the year, the following companies were liquidated: Canal Factoría de Ficción, S.A.U. on 10 November, Atlas Media, S.A.U. on 10 November; Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. on 21 December and Mi Cartera Media, S.A.U. on 23 December. This did not have any impact on the Group's consolidated financial statements.

- In addition, on 28 November, the Company acquired the 50% stake it did not already own in Premiere Megaplex, S.A. Accordingly, it was consolidated using the full consolidation method. This did not have a significant impact on the consolidated financial statements.

- In 2011, the investment in Edam Acquisition Holding was reclassified to "Non-current financial assets".

Changes in the consolidation scope during the year ended 31 December 2010.

- On 28 December 2010, Telecinco acquired 100% of the shares of Sociedad General de TV Cuatro, S.A.U. through a non-monetary capital increase. This company is the owner of the following companies: Compañía Independiente de Noticias de Televisión, S.L., Sogecable Media, S.A.U. and Sogecable Editorial, S.A.U. (Note 9).

- On the same date, the Company also acquired 22% of DTS, Distribuidora de Televisión Digital, S.A., which oversees the Prisa TV group's pay TV business, for EUR 487,988 thousand (Note 10).

- In July 2010, Telecinco capitalised USD 5,392 thousand (EUR 4,063 thousand) of loans to Pegaso, raising its investment in the company to 43.71% of its share capital.

- In the first quarter of 2010, the Company increased its ownership interest in Producciones Mandarina, S.L. temporarily to add a new partner. In this same period, Telecinco recovered a 30% stake in this company.

- On 26 March, Advanced Media, S.A.U., a wholly owned subsidiary of Publiespaña, S.A.U., was dissolved and liquidated. This dissolution and liquidation did not have significant effect on the consolidated financial statements.

- On 28 June, the investment in Publieci Televisión, S.A., also 50% owned by Publiespaña S.A.U., was sold for EUR 186 thousand. This amount was equal to the company's equity at the date of the transaction.

SUBSIDIARIES

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

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

Grupo Editorial Tele 5, S.A.U.

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

Its company object 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 23 September 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

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

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

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

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

Publiespaña, S.A.U.

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

The company's objects are as follows:

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

- The organisation and production of cultural, sports, musical or any other events and the acquisition and exploitation, by any means, of all manner of rights relating thereto.
- The provision of advisory analysis and management services, using any procedure relating to the aforementioned activities.
- 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 6 September 1999. On 14 October 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 5 November 2007, its name was changed to Conecta 5 Telecinco, S.A.U.

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

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

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

Its company objects 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, labour law and administrative law administration, management and advisory services to other companies in which it has direct or indirect ownership interests.

Sogecable Editorial, S.A.U.

Sogecable Media, S.A.U was incorporated on 10 October 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 Avenida de los Artesanos, 6, Tres Cantos (Madrid).

Sogecable Editorial, S.A.U.

Sogecable Editorial, S.A.U.'s registered office is at Avenida de los Artesanos, 6, Tres Cantos (Madrid).

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

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

b) the representation of artists,

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

Premiere Megaplex, S.A.

Premiere Megaplex, S.A.'s registered office is at calle Jardiel Poncela, 4, Madrid.
The Company is engaged in:

- Activities related to gambling and betting, e.g. the organisation, sale and operation of games, bets, raffles, contests, et al in which amounts of money or other financial consideration is at stake and who 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 27 May, on the regulation of gambling.

ASSOCIATES OF GESTEVISIÓN TELECINCO, 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	2011	2010	Line of business
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4 28016 Madrid (**)	100%	50%	Operation of cinemas
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	43,7%	43,7%	Channelling of the investment in Caribevisión Network, a TV broadcaster on the east coast of the US and in Puerto Rico
Bigbang Media, S.L. C/ Almagro,3 28010 Madrid	30%	30%	Production and distribution of all classes of audiovisual programs and products in any support format
DTS, Distribuidora de Televisión Digital, S.A. (*) Avda de los Artesanos, 6 28760 Tres Cantos, Madrid	22%	22%	Indirect management of pay TV service

Company	2011	2010	Line of business
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

(*) Acquired on December 28, 2010
(**) Accounted for at 31 December 2011 using the full consolidation method

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

Company	2011	2010	Line of business
Edam Acquisition Holding I Coöperatief U.A. Flevolaan 41 a 1411 KC Naarden, Ámsterdam(*)	33%	33%	Holding company for the investment in the Endemol Group, which produces and operates content for television and other audiovisual platforms.

(*) Transferred to "Non-current financial assets" in 2011.

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 2011 were formally prepared:

- By the directors, at the Board of Directors Meeting held on 22 February 2012.
- 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.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in these Notes to the consolidated financial statements.

- The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value.

- So that they present fairly the Group's consolidated equity and financial position at 31 December 2011 and the results of its operations, the changes in consolidated equity and the 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 2011 and 2010 (IFRSs) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

The 2011 consolidated financial statements of the Group and the 2011 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 authorisation 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 1 January 2011.

2.2. Changes in accounting policies

a) Standards and interpretations adopted by the European Union applicable in 2011

The accounting principles applied in the preparation of the consolidated financial statements for the year ended 31 December 2011 are the same as those applied to the 2010 consolidated financial statements, except for the following standards and interpretations, applicable for annual periods beginning on or after 1 January 2011:

- IAS 32 *Classification of Rights Issues*

This amendment alters the definition of a financial liability in IAS 32. It classifies certain rights issues, options or warrants as equity instruments. This is applicable if the rights are given pro rata to all of the existing owners of the same class of the equity's non-derivative equity instruments, in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. Adoption of this amendment did not have any impact on the Group's financial position or results.

- IAS 24 *Related Party Transactions*

The amendment to IAS 24 is twofold. The amendment clarifies the definition of a related party. It also provides for an exemption to related party disclosures for government-related entities. It only requires disclosure about these transactions if they are individually or collectively significant. The adoption of these revisions did not affect the disclosures in the Group's consolidated financial statements.

- IFRIC 14 Prepayments When There is a Minimum Funding Requirement

This change is applied in specific situations in which the company is obligated to make minimum annual contributions to its defined benefit plan and make prepayments in order to meet this obligation. The amendment allows the company to consider the economic benefits that arise from prepayments as an asset. The Group does not make minimum annual contributions to defined-benefit plans. Therefore, application of these criteria had no impact on its financial position or results.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

This interpretation establishes that when the terms of a financial liability are renegotiated with the creditor and the creditor accepts the company's equity instruments to extinguish all or part of the liability, the instruments issued are considered to be part of the consideration paid to extinguish the financial liability; these instruments must be measured at their fair value, unless this cannot be reliably measured, in which case the new equity instruments must measured to reflect the fair value of the financial liability extinguished; and the difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the of the equity instrument issued is recognised in profit or loss for the period. The adoption of the criteria introduced by this new interpretation had no impact on the financial position or results of the Group.

- Improvements to IFRSs (May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards within the framework of an annual process of improvements aimed at removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

- IFRS 3 *Business Combinations:* The measurement options available for non-controlling interests were amended. Only components of non-controlling interest that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value. It clarifies that the contingent price arising from business combinations prior to adoption of IFRS 3 (revised in 2008) is recognised as provided for in IFRS 3 (2005). It clarifies the accounting treatment in a business combination of the replacement of an acquiree's share-based payment transactions with share-based payments of the acquirer.

- IFRS 7 *Financial Instruments - Disclosures:* The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

- IAS 1 *Presentation of Financial Statements:* The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

- Other amendments resulting from improvements to IFRS to the following standards did not have any impact on the accounting policies, financial position or performance of the Group.

- IAS 27 *Consolidated and Separate Financial Statements:* Application of the transition requirements of IAS 27 (revised in 2008) as a result of the amended standards.

- IFRIC 13 *Customer Loyalty Programs:* In determining the fair value of credit awards, an entity must take into account the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits.

b) Standards and interpretations adopted by the European Union but not mandatory in 2011

The Group has not early adopted any standard, interpretation or amendment issued but not effective.

The Group is assessing the impact that the following non-mandatory standards issued by the IASB and endorsed by the European Union might have on its accounting policies, financial position, or results:

- Amendment to IFRS 7 - *Disclosures About Transfers of Assets:* effective for annual periods beginning on or after 1 January 2011.

c) Standards and interpretations issued by the IASB but not approved by the European Union

At the date of publication of these consolidated financial statements, the following IFRSs and amendments had been issued by the IASB but were not mandatory and had not been approved by the European Union:

- Amendment to IAS 12 *Deferred Tax - Recovery of Underlying Assets*: effective for annual periods beginning on or after 1 January 2012.
- Amendments to IAS 1 *Presentation of Comprehensive Income:* effective for annual periods beginning on or after 1 January 2012.
- IFRS 9 *Financial Instruments* and amendments to IFRS 9 and IFRS 7 *Mandatory Effective Date and Transition Disclosures*: effective for annual periods beginning on or after 1 January 2015.
- IFRS 10 *Consolidated Financial Statements:* effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 *Joint Arrangements*: effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 *Disclosures of Interests in Other Entities:* effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 *Fair Value Measurement:* effective for annual periods beginning on or after 1 January 2013.
- Amended IAS 19 *Employee Benefits:* effective for annual periods beginning on or after 1 January 2013.
- IAS 27 amended *Separate Financial Statements:* effective for annual periods beginning on or after 1 January 2013.
- IAS 28 (revised) *Investments in Associates:* effective for annual periods beginning on or after 1 January 2013.
- IFRIC *20 Stripping Costs in the Production Phase of a Surface Mine*: effective for annual periods beginning on or after 1 January 2013.
- Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities:* effective for annual periods beginning on or after 1 January 2014.
- Amendments to IFRS 7 *Disclosures – Offsetting of Financial Assets and Financial Liabilities:* effective for annual periods beginning on or after 1 January 2013.

The Group is currently analysing the impact of the application of these standards, amendments and interpretations. Based on the analyses made so far, the Group estimates that application of these standards and amendments will not have a significant impact on the consolidated financial statements in the initial period of application.

2.3. Responsibility for the information and use of estimates

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

In preparing the Group's consolidated financial statements for 2011, certain estimates and assumptions were made on the basis of the best information available at 31 December 2011 on the events analysed. 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, recognising the effects of the change in estimates in the related consolidated income statements.

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

- Impairment of non-current assets

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

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

- Impairment of financial assets

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

If there is objective evidence that an impairment loss on assets carried at amortised 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.

In 2010 and 2011 financial year because of Endemol's equity situation, the Directors made a best estimate of the recoverability of the loans to the group, whose parent is Edam Acquisition Holding I Coöperatief U.A., based on its estimated future net cash flows. See Note 11 for more details on these estimates.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised 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 and, if applicable, recognise the related impairment loss where recoverability is not assured.

- Provisions

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

- Share based payments

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

2.4. Comparison of information

The Group completed the purchase price allocation related to the acquisition of the Sogecuatro Group in the year ended 31 December 2011.

In this process, it identified assets with fair values that were different to the fair values identified provisionally at 31 December 2010. The final fair values were assigned retrospectively to 31 December 2010. Accordingly, the figures for 2010 were restated, as follows:

	2010 (*)	**2010 (**)**
Intangible asset	5,707	250,372
Audiovisual Rigths	264,864	265,343
Goodwill	537,080	287,357
Deferred tax assets	154,049	160,050
Inventories	11,710	10,288

(*) Figures to 2010 as per the consolidated financial statements for 2010.
(**) Figures for 2010 after the definitive purchase price allocation in the acquisition of the Sogecuatro Group.

3. Proposed distribution of the profit of the Parent

The distribution of the Parent's net profit for 2011 that its Board of Directors will propose for approval by the shareholders at the Annual General Meeting and the distribution of the Parent's net profit in 2011 approved by the Annual General Meeting are as follows:

Base for distribution	2011	2010
Profit for the year	137,264	113,934
Distribution		
Legal reserve	-	16,022
Other reserves	67,605	-
Goodwill reserve	14,399	-
Dividends	55,260	97,912
Total	**137,264**	**113,934**

At its meeting of 22 February 2012, the Parent’s Board of Directors resolved to submit for approval by shareholders in ordinary general meeting a proposal to pay out EUR 55,260 thousand of dividends with a charge to 2011 profit. The total dividend would be EUR 0.14 per share.

At its meeting of 23 February 2011, the Parent’s Board of Directors resolved to submit for approval by shareholders in ordinary general meeting a proposal to distribute an extraordinary dividend amounting to EUR 42,248 thousand with a charge to the Parent’s unrestricted reserves. The total dividend was EUR 0.35 per share.

4. Accounting policies

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

4.1. Basis of consolidation

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

However, given that the accounting principles and measurement bases applied when preparing the Group's consolidated financial statements for 2011 and 2010 (EU-IFRS) vary from those used by the companies composing the Group (local standards), the necessary adjustments and reclassifications have been made on consolidation to standardise the most significant measurement and recognition principles between the companies and to adapt these to EU-adopted IFRS.

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

4.2. Translation of financial statements of foreign subsidiaries

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

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

- Separate Income statement headings are translated at the average exchange rate.

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

4.3. Related parties

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

4.4. Current/Non-current classification

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

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

4.5. Property, plant and equipment

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

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

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

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

	Rate
Buildings	4 %
TV equipment	20 %
Fixtures	10-35 %
Tools	20 %
Furniture	10 %
Computer hardware	25 %
Transport equipment	14 %
Other items of property, plant and equipment	20%

4.6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised 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 recognised as an expense as incurred, except in the case of computer software projects that have reached the development stage. These expenses are measured at cost and are allocated to specific projects until the projects have been completed, provided there is a reasonable assurance that they can be financed through completion and there are sound reasons to foresee their technical success.

- Trademarks and trade names

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

The “Cuatro” trademark and the “Cuatro” multiplex operators’ license were identified in the Sogecuatro Group purchase price allocation (Note 7). 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 amortised, 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 recognised with a charge to the consolidated income statement for the year in which they are incurred.

Computer software is amortised 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 right is recognised 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 recognises 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.

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

These rights are recognised in the separate income statement under “Amortisation of Audiovisual Property Rights”, based on the number of screenings, as follows:

1. Films and TV movies (non-series)

1.1. Contractual rights for two screenings:

First screening: 50% of acquisition cost.
Second screening: 50% of acquisition cost.

1.2. Contractual rights for three or more screenings:

First screening: 50% of acquisition cost.
Second screening: 30% of acquisition cost.
Third screening: 20% of acquisition cost.

2. Other products (series)

2.1. Contractual rights for two or more screenings:

First screening: 50% of acquisition cost.
Second screening: 50% of acquisition cost.

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

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

4.7.2 Series in-house production rights

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

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

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

The residual value, estimated at 2% of the total cost, is amortised 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 amortisation period, in which case the residual value is allocated to the revenue generated by the sale.

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

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

First screening: 100% of the amortisable value.

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

First screening: 90% of the amortisable value.
Second screening: 10% of the amortisable value.

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. Amortisation of distribution rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

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

In the free-to-air window, the amortisation of the rights is recognised in the separate income statement under “Amortisation 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. Amortisation of co-production rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

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

In the free-to-air window, the amortisation of the rights is recognised in the separate income statement under “Amortisation 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 amortisation is recognised at the same rate as the amortisation of the audiovisual property rights with which they are associated.

4.7.6 Retransmission rights

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

4.8. Goodwill

Business combinations arising after 1 January 2010

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

When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as 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 recognises the resulting gain or loss, if any, in profit or loss.

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

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

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

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

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

Goodwill impairment losses cannot be reversed in future periods.

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

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

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

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

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

Following the application of the equity method and recognition of the value of the associate, if there is any indication that the investment might have become impaired, pursuant to IAS 39 the relevant analysis and impairment tests are carried out in order to recognise 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 recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any non-current interest that, in substance, form part of the investor’s net investment in the associate. Losses recognised 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 recognises 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 recognised in profit or loss.

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

4.10 Financial assets

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

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

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

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

- Originated loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Loans and receivables in the consolidated statement of financial position maturing in 12 months or less from the consolidated statement of financial position date are classified as current and those maturing in over 12 months as non-current.

- Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the separate income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the separate income statement.

- Financial assets at fair value through profit and loss: Financial assets classified as held for trading are included in the category financial assets at fair value through profit and loss. Financial assets are classified as held for trading when they are acquired for the purpose of selling in the near future. Derivatives are also classified as held for trading unless they are effective hedging instruments and identified as such. Gains or losses on financial assets held for trading are recognised 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 organised, transparent and deep market (“quoted price” or “market price”). If this market price cannot be determined objectively and reliably for a given financial instrument, its fair value is estimated on the basis of the price established in recent transactions involving similar instruments or of the discounted present value of all the future cash flows (collections or payments), applying a market interest rate for similar financial instruments (same term, currency, interest rate and same equivalent risk rating).

4.11 Impairment of non-current assets

4.11.1 Non-financial assets

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

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

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

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

At each reporting date the group assess if there are indications that a, a previously recognised impairment loss is reversed or reduce. If this is the case, the Group estimates the asset's recoverable amount. Except for the goodwill, an impairment loss previously recognised can be reverted if there has been a change in the circumstances that caused it. Such reversal is recognised in the consolidated income statement. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised 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 recognised. At 31 December 2011, the recoverable amount of the cash-generating units exceeded the carrying amount**.**

4.11.2 Financial assets

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

- Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised 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 recognised 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 recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised 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 amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss; if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the separate income statement.

4.12 Inventories

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

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

4.13 Cash equivalents

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

4.14 Grants

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

Difference between the nominal value and the fair value of the loan is deducted from the carrying amount of the related asset and its allocated to the separate income statement according to a basis.

4.15 Treasury shares

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

4.16 Financial liabilities

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

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

4.17 Derivative financial instruments

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

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

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

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

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are transferred to the consolidated 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 recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to income.

The Group's financial derivatives at 31 December 2011 and 2010 were classified as held for trading, with gains or losses recognised in the consolidated separate income statement.

4.18 Derecognition of financial assets and liabilities

4.18.1 Financial assets

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

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

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

4.18.2 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled 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 recognised in the separate income statement.

4.19 Provisions and contingencies

Provisions are recognised 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 recognised as provisions are the best estimate of the amounts required to offset the current value of those obligations at the consolidated statement of financial position date.

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

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

4.20 Income tax

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

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Atlas Media, S.A.U.
- MiCartera Media, S.A.U.
- Publiespaña, S.A.U.
- Publimedia, S.A.U.
- Mediacinco Cartera, S.L.
- Conecta 5 Telecinco, S.A.U.
- Canal Factoría de Ficción, S.A.U.
- Sogecable Editorial, S.A.U.
- Sogecable Media, S.A.U.

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

Deferred tax assets and liabilities are recognised 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 realised or the liability is settled. Deferred tax assets and liabilities arising from changes in equity are charged or credited directly to equity. Deferred tax assets and tax loss and tax credit carryforwards are only recognised when the probability of their future realisation 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 recognises 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 recognises deferred income tax assets for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carryforward of unused tax credits or losses can be utilized, except:

- Where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability 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 recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

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

4.21 Revenue and expense recognition

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

In accordance with the accrual principle, income and expenses are recognised 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 recognised 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 recognised in the period in which it is earned; i.e. when the related advertisement is broadcast.

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

4.22 Equity-settled transactions

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

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

4.23 Transactions in foreign currency

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

4.24 Earnings per share

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

4.25 Environmental issues

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

5. Segment information

In accordance with IFRS 8, advertising sales 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 31 December 2011 and 2010 is as follows:

	Balance at 31/12/09	Additions	Disposals	Transfer	Inclusion in consolidation scope (Note 9)	Balance at 31/12/10	Additions	Disposals	Transfers	Balance at 31/12/11
COST										
Land and natural resources	14,970	-	-	-	-	14,970				14,970
Buildings and other structures	32,383	-	-	5	-	32,383			55	32,443
Machinery, plants and tools	92.413	1.291	(4.044)	1,000	354	91,014	1,337	(4,629)	4,193	91,916
Furniture and fixture	5.591	300	(1,204)	-	7	4,694	441	(272)	2	4,865
Computer Hardware	14.976	394	(2,677)	568	23	13,284	584	(1,697)	2,945	15,116
Other Items of property, plant and equipment	774	19	(125)	-	-	668	14	(92)		590
Property, plant and equipment in the course of construction	710	5,562	-	(1,529)	-	4,743	10,363		(6,890)	8,216
Total Cost	**161,817**	**7,566**	**(8,050)**	**44**	384	**161,761**	**12,739**	**(6,690)**	**305**	**168,115**
ACCUMULATED DEPRECIATION										
Buildings and other structures	(17,483)	(1,306)	-	-	-	(18,789)	(1,306)			(20,095)
Machinery, plants and tools	(79,327)	(4,058)	4,030	-	-	(79,355)	(3,610)	4,368	(295)	(78,892)
Furniture and fixtures	(3,988)	(344)	1,174	-	-	(3,158)	(319)	250	(2)	(3,229)
Computer Hardware	(11,807)	(1,560)	2,268	-	-	(10,699)	(1,905)	1,690	(8)	(10,922)
Other items of property, plants and equipment	(679)	(29)	125	-	-	(583)	(27)	92		(518)
Total accumulated depreciation	**(113,284)**	**(7,297)**	**7,997**	**-**	-	**(112,584)**	**(7,167)**	**6,400**	**(305)**	**(113,656)**
CARRYING AMOUNT	**48,533**	**269**	**(53)**	**44**	**384**	**49,177**	**5,572**	**(290)**	**-**	**54,457**

Additions in 2011 and 2010 relate to the acquisition of items of property, plant and equipment required to continue with and increase the Group's activities. Aditionally in 2011 the Group began the enlargements of the buildings where it perfoms its operations.

Disposals in 2011 and 2010 relate mainly to the retirement and/or sale of fully depreciated items or that no longer in use.

The breakdown of the fully depreciated property, plant and equipment in use at 31 December 2011 and 2010 is as follows:

	2011	2010
Computer hardware	7,182	7,532
Technical machinery, fixtures and tools	66,822	67,137
Furniture	1,832	1,407
Other items of property, plant and equipment	495	672
	76,331	76,748

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

The Group had no items under finance leases at 31 December 2011 or at 31 December 2010.

The impact of the accelerated amortisation of audiovisual rights was EUR 2,421 thousand in 2011 and EUR 1,650 in 2010.

7. Intangible assets

The breakdown of the balances of “Intangible Assets” and of the changes therein in the years ended 31 December 2011 and 2010 is as follows:

	Balance at 31/12/09	Additions	Disposals and other	Transfers	Inclusion in consolidation scope (Note 9)(*)	Balance at 31/12/10(*)	Additions	Disposals and other	Transfers	Change in consolidation scope	Balance at 31/12/11
COST											
Development Expenditure	615	338	-	(404)	-	549	428		(274)	-	703
Concessions, patents and trademarks	32,680	-	-	-	245,120	277,800	4	(120)	465	169	278,318
Computer software	20,453	600	(441)	1,527	952	23,091	683	(1,564)	3,888	-	26,098
Computer software in progress	979	1,586	(4)	(1,167)	-	1,394	1,544		(2,220)	-	718
Total Cost	**54,727**	**2,524**	**(445)**	**(44)**	**246,072**	**302,834**	**2,659**	**(1,684)**	**1,859**	**169**	**305,837**
ACCUMULATED AMORTISATION											
Concessions, patents and trademarks	(32,413)	(35)	-	-	-	(32,448)	(7,943)	120	(465)	-	(40,736)
Computer software	(17,814)	(2,285)	420	-	(335)	(20,014)	(2,510)	1,202	(1,059)	-	(22,381)
Total Accumulated Amortisation	**(50,227)**	**(2,320)**	**420**	**-**	**(335)**	**(52,462)**	**(10,453)**	**1,322**	**(1,524)**	**-**	**(63,117)**
CARRYING AMOUNT	**4,500**	**204**	**(25)**	**(44)**	**245,737**	**250,372**	**(7,794)**	**(362)**	**335**	**169**	**242,720**

(*) Restated

The breakdown of the fully amortised intangible assets in use at 31 December 2011 and 2010 is as follows:

	2011	**2010**
Computer software	19,413	15,644
Concessions, patents and trademarks	18,832	19,255
Total	**38,245**	**34,899**

Notes of the Consolidated Financial Statement

8. Audiovisual property rights

The breakdown of the balances of the audiovisual property rights and of the changes therein in the years ended 31 December 2011 and 2010 is as follows:

	Balance at 31/12/09	Additions	Disposals	Transfers and others	Inclusion in consolidation scope (Note 9)(*)	Balance at 31/12/10	Additions	Disposals	Transfers and others	Balance at 31/12/11
COST										
Audiovisual property rights	301,119	57,310	(66,094)	9,865	57,250	359,450	126,617	(99,576)	64,686	451,177
Master copies	14	-	(5)	-	-	9	-	(2)	-	7
Dubbing	7,609	781	(273)	-	-	8,117	1,053	(89)	-	9,081
Co-production rights	132,963	739	(2,921)	1,055	-	131,836	888	(1,230)	5,168	136,662
In-house rights	936,229	50,120	-	4,414	9,585	1,000,348	79,547	(8,755)	102,048	1,172,188
Distribution rights	11,497	-	-	-	-	11,497	6	-	119	11,622
Other ancillary work	754	-	-	-	-	754	-	-	-	754
Rights, options, scrip develop.	879	744	(237)	(140)	-	1,246	1,379	(577)	(385)	1,663
Start-up costs	158	-	-	-	-	158	-	-	-	158
Advances	15,044	35,250	(210)	(15,194)	7,467	42,356	16,623	(1,009)	(20,822)	37,148
Total Cost	**1,406,266**	**144,944**	**(69,740)**	**-**	**74,301**	**1,555,771**	**226,113**	**(111,238)**	**150,814**	**1,821,460**
ACCUMULATED AMORTISATION										
Audiovisual property rights	(175,040)	(71,234)	66,094	-	-	(180,180)	(126,534)	99,576	(45,833)	(252,971)
Master copies	(11)	(1)	4	-	-	(8)	(0)	1	-	(7)
Dubbing	(6,527)	(950)	273	-	-	(7,204)	(714)	89	-	(7,829)
Co-production rights	(104,664)	(14,995)	-	-	-	(119,659)	(6,021)	-	-	(125,680)
In-house rights	(900,953)	(68,249)	-	-	-	(969,202)	(86,691)	8,755	(96,938)	(1,144,076)
Distribution rights	(11,496)	-	-	-	-	(11,496)	-	-	-	(11,496)
Other ancillary work	(745)	(3)	-	-	-	(748)	-	-	-	(748)
Start-up costs	(153)	(1)	-	-	-	(154)	-	1	-	(153)
Total accumulated depreciation	**(1,199,589)**	**(155,433)**	**66,371**	**-**	**-**	**(1,288,651)**	**(219,960)**	**108,422**	**(142,771)**	**(1,542,960)**
Provisions	(12,689)	(360)	11,271	-	-	(1,778)	(8,341)	1,100	(8,522)	(17,541)
Total Audiovisual rights	**193,988**	**(10,849)**	**7,902**	**-**	**74,301**	**265,343**	**(2,188)**	**(1,716)**	**(479)**	**260,960**

Of the total amount recognised under "Non-current assets - Audiovisual rights" in the consolidated statement of financial position at 31 December 2011, the Group estimates a slightly higher percentage than that estimated for the 12 months subsequent to year-end 2010 of 35%.

Provisions at the end of 2011 relate to the net carrying amount of rights which, although they expire after 31 December 2011, are not included in the Group's future broadcasting plans at the date of authorisation for issue of these consolidated financial statements. Should one of the Group's networks exercise these broadcasting rights, the provision would be reversed and the right would be amortised 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 recognised in the consolidated separate income statement at 31 December 2011 and 2010 amounted to EUR 8,341 thousand and EUR 360 thousand, respectively.

At 31 December 2011, there were firm commitments to acquire audiovisual property rights commencing on or after 1 January 2012 for a total amount of USD 153,587 thousand and EUR 139,836 thousand. The commitments at 2010 year-end amounted to USD 135,858 thousand and EUR 235,628 thousand.

At 31 December 2011, advances of EUR 4,587 thousand had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2010 amounted to EUR 4,969 thousand.

At the statement of financial position date there were commitments to purchase co-production rights, available from 1 January 2012, for a total amount of EUR 34,347 thousand. The commitments at 2010 year-end amounted to EUR 36,577 thousand.

At 31 December 2011, advances of EUR 31,532 thousand had been paid in connection with these firm commitments to purchase co-production rights. The advances paid in 2010 amounted to EUR 28,836 thousand.

The Group had firm commitments to purchase distribution rights commencing on or after 1 January 2012 for a total amount of EUR 2,800 thousand. At 31 December 2010, firm commitments to purchase distribution rights amounted to EUR 125 thousand.

Advances of EUR 1,600 thousand had been paid in connection with firm distribution right purchase commitments at 31 December 2011 and EUR 113 thousand at 31 December 2010.

Advances for fiction series are included under Advances.

9. Goodwill and Business Combinations

TRANSACTIONS CARRIED OUT IN 2010

Mediaset España Comunicación, Mediaset Investmenti, S.p.A. (controlling shareholder of Mediaset España Comunicación, hereinafter "Mediaset") and Prisa Televisión signed a series of agreements on 14 April 2010 to establish the procedure, timeline and terms for executing the Transaction. Further, on 4 November 2010, in addition to the contractual novations, another contract was signed whereby Prisa TV granted an option which would give Telecinco certain additional corporate rights over the Prisa TV group's pay TV business (hereinafter "Digital+ Group") if exercised (the "Option Contract"). Execution of the rights granted by the Option Contract is contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities.

The most important aspects of the Transaction were as follows:

1. Mediaset España acquired, by means of a share swap, all the share capital of Sociedad General de Televisión Cuatro, S.A.U. ("Sogecuatro), including the free-to-air television business of the Prisa TV group ("Cuatro Group"). In addition, Telecinco acquired 22% of DTS, Distribuidora de Televisión Digital, S.A.U., which includes the pay TV business of the Prisa TV group ("Digital+ Group") for EUR 487,988 thousand.

2. In exchange, PRISA TV received:

- Mediaset España shares which, following the capital increases and applying the price-adjustment mechanism described below represents approximately 17.336% of Mediaset España's share capital.

- EUR 487,988 thousand in cash.

3. To finance the acquisition of 22% of DTS, Distribuidora de Televisión Digital, S.A. and strengthen its financial position, on 13 December 2010 Mediaset España carried out a capital increase with pre-emptive subscription rights for cash proceeds of EUR 499,202 thousand (Note 15).

4. In addition, on 29 December 2010, pursuant to the resolutions adopted by shareholders of Mediaset España Comunicación, S.A. in an extraordinary meeting held 24 December 2010, the company carried out a non-monetary capital increase consisting of all the entire share capital of "Sociedad General de Televisión Cuatro, S.A.U." (Note 15).

5. Via the Option Contract, Prisa TV S.A.U. grants Mediaset España the option to demand that a series of certain corporate agreements related to the pay TV business be subject to a favourable vote by Mediaset España and/or directors designated by them. This option can only be exercised once a year has elapsed from the Transaction date. The price of granting the option is EUR 5,000 thousand, payable by Mediaset España to Prisa TV on the Transaction closing date (Note 11). The option is exercisable for the three months subsequent to the first anniversary of the closing of the Transaction. Nevertheless, exercising the rights granted by the option is contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities the option strike price is EUR 5,000 thousand, payable once the suspensive condition has been fulfilled.

6. Completion of the Mediaset España transaction was subject to the pertinent regulatory and anti-trust authorisations.

ACQUISITION OF CUATRO GROUP

As explained above, Telecinco acquired Cuatro Group in 2010. This acquisition was executed through a non-cash contribution by Prisa TV, S.A.U. of the shares of Sociedad General de Televisión Cuatro, S.A.U (SOGECUATRO) in the non-monetary capital increase carried out on 28 December 2010 by Mediaset España Comunicación, S.A.

The initial consideration for the non-monetary contribution entailed the delivery of 73,402 thousand shares of Mediaset España Comunicación, S.A. to Prisa TV S.A.U. However, the integration contract stipulated that if at 30 November 2010 SOGECUATRO had financial debt or less than EUR 25 million of equity, Prisa TV, S.A.U. would make up for the lower value of the contribution by making a capital contribution to Sogecuatro, S.A.U. before the date of the transaction or by delivering 2,866,972 shares of Mediaset España. Prisa TV, S.A.U. elected the second option.

The consideration transferred in the business combination was measured at the fair value of the shares delivered to Prisa TV (net of reimbursements made by Prisa) of EUR 590,730 thousand, calculated taking Mediaset España's closing share price on 29 December 2010.

The provisional fair values of the assets and liabilities acquired from Cuatro Group were initially estimated taking the values in its accounting records. In accordance with IFRS 3, in 2011 the company quantified the cost of the Sogecuatro business combination and the fair values to be assigned to its identifiable assets and liabilities. The company engaged a reknowned, independent expert to help make this calculation.

Mediaset España used the 12 months allowed in the standard to make the final allocation of the purchase price allocation in the acquisition of Sogecuatro and its subsidiaries before its recognition.

The breakdown of the final purchase price allocation of Sogecuatro in 2011 and the provisional allocation in 2010 is as follows:

	Thousands of euros(*)	Difference	Thousands of euros (**)
ASSETS			
Property plant and equipment (Note 6)	384	-	384
Intangible assets (Note 7)	245,737	244,665	1,072
Audiovisual property rights (Note 8)	74,301	478	73,823
Other financial assets	4	-	4
Deferred tax assets	25,291	6,003	19,289
Cash and equivalents	37,805	-	37,805
Account receivable	111,359	-	111,359
Other current assets	1,026	-	1,026
Inventories	7,988	(1,422)	9,410
TOTAL ASSETS	**503,896**	**249,724**	**254,172**
LIABILITIES			
Payable to related parties	25,762	-	25,762
Bank borrowings	89	-	89
Trade payables	120,267	-	120,267
Other liabilities	21,713	-	21,713
Provisions for sales rebates (Note 18)	18,508	-	18,508
Provisions for risks and responsibilities (Note 16)	14,183	-	14,183
TOTAL LIABILITIES	**200,522**	**-**	**200,522**
TOTAL EQUITY	**303,374**	**-**	**53,650**
ACQUISITION COST	**287,356**	**249,724**	**537,080**
GOODWILL	**590,730**	**-**	**590,730**

(*) Final allocation
(**) Provisional allocation

The Cuatro Group did not contribute to the Group's revenues in 2010 since the acquisition date, but contributed a net loss of EUR 6,185 thousand. Had the business combination occurred at the beginning of the reporting period, revenue would have increased by EUR 1,170,767 thousand and profit before tax by EUR 16,432 thousand.

Impairment testing of goodwill

In accordance with accounting standards, at 31 December 2011, the Group tested its goodwill and intangibles with indefinite lives for impairment.

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

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

To test its goodwill for impairment, the Company took the free-to-air TV business' strategic plan and discounted the estimated future cash flows. The assumptions used in the cash flow estimates include the best estimate of future trends of advertising markets, audiences and costs. These estimates are based on past experience and estimates considered to be reasonable based on the sources of the company's external and internal information.

The estimates cover a period of six years and for cash flows not considered, income to perpetuity is estimated using a growth rate of around 2%. Estimated cash flows are discounted at a rate that represents the current market assessment of the risk-free rate and the specific situation of the industry. The discount rate used is around 9.3%.

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

10. Equity method investments

The amounts and changes in 2011 and 2010 in the items composing “Equity method investments” are as follows:

	Equity Method Investment
Balance at December 31, 2009	**132.141**
Increases	532,094
Equity Method Investments	(176,798)
Dividends Receipts	(1,015)
Other non Comprehensive Income	10,851
Other Movements	(548)
Balance at December 31, 2010	**496.725**
Increases/Decreases	
Equity Method Investments	7,460
Dividends Receipts	(20,275)
CI Other non Comprehensive Income	
Other Movements	(823)
Balance at December 31, 2011	**483,083**

The main changes in 2011 relate to the dividend paid by DTS Distribuidora de Televisión Digital, S.A. This dividend was paid out of profit generated before the acquisition of that company by Mediaset España Comunicación, S.A.

The amounts shown under “Increase” and “Decrease” for 2010 include:

1. The acquisition of 22% of DTS, Distribuidora de TV Digital, S.A. for EUR 487,988 thousand.

2. The capitalisation of a loan granted to Pegaso Televisión Inc. for EUR 4,063 thousand.

3. The capitalisation of part of a debt acquired from Endemol, for EUR 40,229 thousand (Note 11).

4. The sale of the investment in Publieci Televisión, S.A. for EUR 186 thousand.

In 2010, as explained in the consolidated financial statements for that year, Mediaset España Comunicación, S.A., based on the outcome of the impairment test carried out, wrote down the value of the stake in Edam Acquisition Holding, Coop. to zero. Once the value of the investment was reduced to zero, in accordance with accounting criteria, Mediaset España Comunicación, S.A. no longer recognised the portion corresponding to additional losses, as there were no further entries which, in substance, formed part of the net investment, nor did the Group have additional investment commitments.

In 2011, the Edam Group entered into negotiations with its bank creditors for a potential debt restructuring as it was unable to meet the financial covenants of the syndicated loan granted in 2007 for the acquisition of Endemol. A qualified majority of credits agreed to grant waivers, extending the terms so the June 2011 covenants would not be missed and to help the negotiation of the debt restructuring, led by senior debt creditors.

Judging by recent developments in this process (e.g. the creditors' agreement signed which entails the allocation of the Group to senior bondholders or its sale to third parties) and its outlook based on the agreements made once the need for restructuring was decided, the Company's directors reversed the debit balance of the "Recyclable reserves in associates" arising from movements recognised directly in Endemol's consolidated reserves. This resulted in a loss of EUR 30,414 thousand in the income statement, but did not have any overall effect on the Group's equity.

This led a change in the accounting treatment of the investment, which was reclassified from "Equity method investments" to "Other financial assets".

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

Company	**Investments Accounted for using the Equity Method**		**Results of Companies accounted for using the equity method**	
	2011	**2010**	**2011**	**2010**
Premiere Megaplex, S.A.	-	24		-
Edam Acquisition Holding I Cooper. U.A.	-	-		(178,701)
Pegaso Television, Inc.	3,540	3,952	-	(1,531)
Producciones Mandarina, S.L.	1,876	1,311	1,327	1,088
La Fábrica de la Tele, S.L.	3,367	3,116	1,866	2,118
BigBang, S.	871	334	484	228
DTS Distribuidora de Tv Digital, S.A. (*)	473,433	487,988	3,783	-
Total	**483,087**	**496,725**	**7,460**	**(176,798)**
Impact of Edam's removal from the consolidation scope			(30,415)	**-**
			(22,955)	**-**

(*) Audited by Deloitte

a) Key financial highlights of companies accounted for using the equity method in 2011 and 2010:

	(Thousands of euros)				
2011	**Assets**	**Equity**	**Liabilities**	**Income**	**Outcome**
Pegaso Televisión, Inc. (1)	13,305	(30)	13,335	25	(1,970)
BigBang(1)	4,991	2,904	2,087	15,911	1,615
Producciones Mandarina, S.L.	11,482	6,255	5,227	33,364	4,423
La Fábrica de la Tele, S.L. (1)	22,482	11,223	11,259	34,364	6,221
DTS Distribuidora de TV Digital, S.A. (**)	1,423,340	956,226	458,114	984,603	49,806

	(Thousands of euros)				
2010	**Assets**	**Equity**	**Liabilities**	**Income**	**Outcome**
Premiere Megaplex,S.A. (1)	53	48	5	-	-
Edam Acquisition Holding I Cooper.U.A.	2,218,300	(729,900)(*)	3,011,200	1,245,900	(1,329,200)
Pegaso Television, Inc.(1)	23,824	2,814	21,010	843	(2,494)
BigBang	2,144	1,114	1,030	1,085	761
Producciones Mandarina, S.L.	11,123	4,370	6,753	17,454	3,627
La Fábrica de la Tele, S.L.	19,280	10,385	8,895	35,258	7,061
DTS Distribuidora de TV Digital, S.A. (**)	1,497,229	1,000,401	496,828	1,027,900	169,251

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

(1) Unaudited

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

b) Acquisition of DTS, Distribuidora de TV Digital, S.A.

As part of the Prisa TV deal in 2010, the company acquired 22% of DTS, Distribuidora de TV Digital, S.A. (Note 9).

The value of the 22% stake acquired by the Parent in DTS, Distribuidora de TV Digital, S.A was EUR 487,988 thousand. This value was established in the agreements signed between Mediaset España Comunicación and PRISA TV (see Note 9) based on the sale transaction of another 22% stake in this company acquired by the Telefónica Group. DTS, Distribuidora de TV Digital, S.A. and its subsidiaries make up the Digital+ Group.

The parties involved signed a shareholders' agreement setting the bases for managing the Digital+ Group once Mediaset España Comunicación had the ownership interest and the Telefónica Group also held a 22% stake.

The main characteristics of the agreement are:

- The shareholders' agreement regulates the relationship between Prisa TV, Mediaset España Comunicación and Telefónica regarding partners of the Digital+ Group, and specifically, questions regarding the management of the Digital+ Group as well as its basic governing principles or regulations regarding the ownership and transfer of shares. It also sets out the composition and operations of the Board of Directors pursuant to this agreement and the terms of the Option Agreement, under the terms described in Note 11.

- The shareholders also agreed upon a series of increased majorities in the Annual General Meeting and the Board of Directors' meeting for certain questions considered especially relevant, such as, amendments to the corporate purpose, bylaws or registered office abroad of the company of its subsidiaries; the acquisition or sale of any minimum amount of assets outside the Group's ordinary business, proposed capital increases, mergers, spin-offs, dissolutions, etc. of any kind; approvals of transactions with related parties; the appointment and/or change of the Company's auditors or those of its subsidiaries; proposals for public offerings or public subscriptions of shares of the Company or its subsidiaries; the granting of loans or guarantees in favour of third parties for activities that are not related to those of the Company or its subsidiaries; and the subscription, modification or termination of financing agreements of the Company or its subsidiaries.

- The agreement regulates the transfer of shares of Digital+ Group among shareholders and to third parties (directly or indirectly, voluntarily or forced, including changes of control, except intra-group transfers). It also describes transfers that could imply a change of control.

- It states that Mediaset España or any of its group companies have the right to act as exclusive advertising agent of all the TV channels owned by the Digital+ Group.

- The shareholders' agreement will remain in force while two of the three shareholders continue holding at least 15% of the share capital in the Grupo Digital+ Group, in general.

It will be necessary for the Board Members of Mediaset España Comunicación to vote on other agreements, as stipulated in the Option Contract described in Note 11. Execution of the rights granted by the Option Contract is contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities.

Based on this agreement, Mediaset España Comunicación considers that it exerts significant influence on the Digital+ Group as an associated company, and that no joint control exists.

With respect to the Option Contract described above, should Mediaset España Comunicación obtain the additional rights associated with exercise of the option, it would re-evaluate its position with respect to influence over the investee company, and if necessary, would modify the consolidation method to be applied from that date onwards.

In 2010, no estimate of the definitive fair values of the assets and liabilities of DTS, Distribuidora de Televisión Digital, S.A. was available. Therefore, the total difference between 22% of the carrying amount of the assets and liabilities acquired and the acquisition cost was considered implicit goodwill.

In 2011, Mediaset España Comunicación performed the purchase price allocation of the acquisition of Digital+. The allocation was based on a report by a renowned, independent expert, which concluded that the adjustments to the fair value of the net assets identified was EUR 108 million and that the implicit goodwill at 31 December 2011 was EUR 160 million.

c) Impairment testing of equity method investments

- Edam Acquisition Holding I Cooperative U.A.

This investment was not tested for impairment in 2011, since the carrying amount was zero, with no new information indicating that the value had recovered.

In 2010, the impairment test carried out on Edam Acquisition Holding by an independent expert on the Group’s CGUs resulted in an Enterprise Value ranging from EUR 1.1 to 1.3 billion; the Group’s financial debt indicated that the subsidiary had negative equity.

This impairment test was based on discount rates included in the Group's Business Plan, which range from 8,5% to 9,1%.

Considering the aforementioned, Endemol's investment was reduced to 0 at year-end 2010. This reduction had already taken place on 30 September 2010, when Mediaset España Comunicación carried out its own impairment test on Endemol's investment, based on the forecasted performance of the activities included in the preliminary Business Plans available at that time.

Once the value of the investment was reduced to zero, in accordance with accounting criteria, the Group no longer recognised the portion corresponding to additional losses, as there were no further entries which, in substance, form part of the net investment, nor did the group have additional investment commitments.

- Pegaso Televisión Inc.

In July 2010, Telecinco capitalised USD 5,392 thousand (EUR 4,063 thousand) of loans to Pegaso, raising its investment in the company to 43.71% of its share capital.

At year-end 2011 and 2010, the recoverable amount was determined based on the market value resulting from a valuation made of the merger with a local operator.

- DTS Distribuidora de TV Digital, S.A.

At 31 December 2011, the performance of Digital+’s business during the year did not give any indications that the investment was impaired. Therefore, it was not tested for impairment this year.

11. Other non-current financial assets

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

	31/12/11	31/12/10
Available-for-sale financial assets		
Long term loans	143	97
Loans to related companies	49,495	54,865
Other	5,824	6,125
Total	**55,462**	**61,087**

Investments in other companies

On 30 March 2011, the 10% stake held by Mediaset España Comunicación, S.A. in Comeradisa S.A. was sold for EUR 1.

Also included under this item in 2011 was the investment in Edam. The carrying amount of this investment is zero. In 2011, an amount of EUR 14,818 thousand of the contribution made to incorporate this company was returned. It was recognised as income since the carrying amount of the investment was zero under “Non-current financial income/(expense) – available for sale assets” in the income statement.

On 3 December 2010, Mediaset España Comunicación S.A. sold its ownership interests in Alba Adriática, S.L. and Kulteperalia, S.L. for EUR 1,500 thousand and EUR 500 thousand, respectively. These amounts were settled by offsetting a payable to the buyer, Gecaguma, S.L.

The gain on the sale of the investments in Kulteperalia, S.L. amounted to EUR 8 thousand, recognised under “Gains (losses) on disposals of non-current assets" in the consolidated separate income statement.

Loans to related companies

The breakdown of “Loans to related companies” at 31 December 2011 and 2010 is as follows:

	31/12/2011	31/12/2010
Endemol Group's Debt	46,085	54,865
Loans granted to Pegaso	3,410	-
	49,495	54,865

Endemol Group debt relates to acquisitions made in prior years from third parties under market conditions of Endemol Group debt, as explained in the notes to the 2010 consolidated financial statements. This debt is measured at amortised cost. There were no additional purchases of debt in the year ended 31 December 2011.

Interest accrued in 2011 amounted to EUR 5,763 thousand (2010: EUR 5,812 thousand euros), of which EUR 2,771 thousand relates to cash receipts and EUR 3,041 thousand to revaluations using the amortised cost method.

Based on recent trends in the Endemol Group's financial position and the market prices of Endemol's bonds in recent months, the Directors have reassessed the measurement of these credits at 31 December 2011. As a result, an additional impairment of EUR 9,411 thousand was recognised at 31 December 2011 under "Disposal/Impairment of other financial assets". The impairment loss recognised I the 2010 income statement was EUR 8,299 thousand.

Other financial assets

As mentioned in Note 9, Prisa TV granted Mediaset an option whereby, once a year has elapsed from the date of acquisition of DTS, Distribuidora de Televisión Digital, S.A., Mediaset may recognise certain rights over the management of Digital+.

The price of granting the option is EUR 5,000 thousand, which Mediaset paid to Prisa TV on 28 December 2010.

Mediaset España Comunicación may exercise this right within three months after the first anniversary of the closing of the Transaction. The option strike price is EUR 5,000 thousand, payable once the suspensive condition has been fulfilled. Execution of the rights of the Option Contract and payment of the exercise price are contingent upon the suspensive condition that the required authorisation is obtained from the anti-trust authorities.

If such authorisation were not unconditional or subject to suspensive conditions (as ruled by an independent expert appointed by the parties) or if the parties did not reach an agreement to determine whether the conditions were substantial, Prisa TV, on the one hand, and Mediaset España Comunicación, on the other, would proceed, as appropriate, to (i) delivery of the Mediaset España Comunicación shares held by Prisa TV; (ii) deliver Mediaset España's investment in Digital+; and (iii) pay an additional amount by Prisa TV or Mediaset España Comunicación, as appropriate, based on the value of the two investments.

12. Other current assets

The breakdown of other current assets at 31 December 2011 and 31 December 2010 is as follows:

	31/12/2011	31/12/2010
Prepaid expenses	65,525	13,654
Advance commissions	30	12
Total	65,555	13,666

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

13. Other current financial assets

The breakdown of other current financial assets at 31 December 2010 and 31 December 2011 is as follows:

	31/12/2011	31/12/2010
Short-term investments securities	53,931	25,411
Loans to associates	117	809
Other financial assets	1,742	2,269
Total	**55,790**	**28,489**

“Short-term investment securities” includes time deposits maturing in 2011 earning market interest rates.

“Other financial assets” mainly includes legal deposits for pending litigation.

14. Cash and cash equivalents

The breakdown of Cash and cash equivalents at 31 December 2010 and 31 December 2009 is as follows:

	31/12/2011	31/12/2010
Cash on hand and at bank	58,574	87,900
Total	**58,574**	**87,900**

No restrictions to the availability of balances exist.

15. Equity

15.1 Share capital

At 31 December 2011, the Parent Company's share capital comprised 406,861,426 shares with a nominal value of EUR 0.5 each, all represented by book entries. In 2010, the shares totalled 406,861,426 and had the same nominal value. All share capital has been fully subscribed and paid up and is held as follows:

Owner	2011 % Interest	2010 % Interest
Mediaset Investimenti, S.p.A.	41,2	41,2
Grupo Prisa	17,3	17,3
Market	39,9	39,9
Treasury shares	1,6	1,6
Total	100,0	100,0

The ultimate parent of Mediaset Investimenti, S.p.A. is Fininvest S.p.A., domiciled in Italy.

Two capital increases were carried out in 2010:

First capital increase

On 13 December 2010, Mediaset España Comunicación, S.A. increased share capital by a nominal amount of EUR 43,409 thousand through the issue of 86,817,700 new ordinary shares of the same class and series as those already in circulation and with pre-emptive subscription rights for existing shareholders at that time. The issue price for the new shares was EUR 5.75 per share, for a total amount of EUR 499,202 thousand.

Each existing share (excluding treasury shares held by Mediaset España Comunicación, S.A.) is entitled to one pre-emptive subscription right, with 14 pre-emptive subscription rights required to subscribe five newly issued shares.

The capital increase was fully subscribed and paid in. The Company's controlling shareholder subscribed all the corresponding shares in the exercise of pre-emptive subscription rights.

Second capital increase

On 29 December 2010, pursuant to the resolutions adopted by the shareholders of Mediaset España Comunicación, S.A. in a general meeting held 24 December 2010, a non-monetary capital increase was carried out consisting of the entire share capital of "Sociedad General de Televisión Cuatro, S.A.U." for a nominal amount of EUR 36,701 thousand through the issue of 73,401,870 new ordinary shares of EUR 0.50 par value each, all of the same class and series of those already outstanding.

The new shares were issued at their par value (EUR 0, 50) plus a share premium of EUR 7, 30 per share, leaving an issue price of EUR 7.80 per share. The total amount of the capital increase was EUR 614,741 thousand.
The total expense for the two capital increases was EUR 5,495 thousand, recognised under "Equity – Share premium", and in 2011, it was EUR 1,104 thousand.

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

15.2 Other amounts recognised in “Share premium” related to the acquisition of Sogecuatro,

As explained in Note 10, the investment in Sogecuatro was measured at the fair value of the shares given to Prisa TV; i.e., the closing share price of Mediaset España Comunicación on 29 December 2010. The capital increase was originally based on the fact that 73,401,870 shares were to be given to Sogecable, increasing share capital. The difference between the value of the share issue and share price is recognised under “Share premium”. This entailed an increase in the share premium balance of EUR 42,207 thousand. Also included under this item are capital increase costs, net of the corresponding tax effect.

15.3 Dividends

As indicated in the Group's consolidated financial statements for 2011, on 22 February 2012 the Parent's Board of Directors resolved to submit for approval by shareholders in ordinary general meeting a proposal to pay out a dividend amounting to EUR 55,260 thousand with a charge to 2011 profit. The total dividend would be EUR 0.14 per share.

As indicated in the Group’s annual financial statements for 2010, on 23 February 2011, the Parent’s Board of Directors resolved to submit for approval by shareholders in ordinary meeting a proposal to pay out an extraordinary dividend amounting to EUR 42,248 thousand with a charge to the Parent’s freely distributable reserves. On 4 May 2011, both dividends, for an amount of EUR 140,160 thousand, were paid, equivalent to EUR 0.35 per outstanding share.

15.4 Legal reserves

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

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

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

15.5 Treasury shares

Treasury shares were acquired mainly to cover the company’s commitments in relation to share option plans. As for the transaction explained in Note 9, the price adjustment led to an additional 2,866,972 of treasury shares valued at EUR 24,012 thousand. These plans are described in Note 21.

At 31 December 2011, the Company has treasury shares of EUR 84,746 thousand valued at cost (31 December 2010: EUR 84,746 thousand).

The changes in “Treasury Shares” in 2011 and 2010 were as follows:

	2011		2010	
	Number of shares	Amount(*)	Number of shares	Amount(*)
At beginning of year	**6,419,259**	**84,746**	**3,552,287**	**60,734**
Increase	-	-	2,886,972	24,021
Decrease	-	-	-	-
At end of year	**6,419,259**	**84,746**	**6,419,259**	**84,746**

(*) Amounts in thousands of euros,

At 31 December 2011, the Company shares held by it and by its subsidiaries represented 1,58% of the share capital (31 December 2010: 1,58%).

The increase in treasury shares in 2010 relates to the difference between the final measurement of the investment in Sociedad General de Televisión Cuatro and the amount of the non-monetary capital increase, which was higher (Note 9).

No treasury shares were purchased or sold in 2011 or 2010.

15.6 Non-controlling interests

The breakdown, by company, of the balance of “Non-controlling Interests” in the consolidated statement of financial position at 31 December 2011 and 2010 is as follows:

	2011			2010		
	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.	13,098	2,130	2,130	(36,532)	(34,023)	(31,311)
Total	**13,098**	**2,130**	**2,130**	**(36,532)**	**(34,023)**	**(31,311)**

Mediaset Investiment S.A.R.L. has a non-controlling interest in Mediaset Investment S.A.R.L., which has granted a participating loan to Mediacinco Cartera (Note 17). This loan was converted into equity of the company in 2011. This explains the increase in the amount of equity attributable to non-controlling interests in the consolidated statement of financial position.

16. Non-current provisions

These include provisions made in 2011 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 31 December 2011 and 2010 were as follows:

2011	Balance at 31/12/10	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31/12/11
Provision for contingencies and charges	31,978	7,809	(5,416)	(3,316)	(1,749)	29,306

2010	Balance at 31/12/09	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31/12/10
Provision for contingencies and charges	21,320	4,366	(2,024)	(5,867)	14,183	31,978

At 31 December 2011 and 2010, provisions for liabilities and charges relate to pending lawsuits and appeals between the Group and third parties. Provisions recognised in the year relate to new lawsuits facing the Group, while reversals relate to litigation that has been resolved. Reversals in 2010 include the lawsuit with the tax authorities on assessments raised on 24 July 2009, which were provisioned in 2009 and amounted to EUR 3,543 thousand, and appealed by the Group before the Central Tax Court. This court ruled partially in favour of the company, requiring it to pay a total of EUR 345 thousand. The unused amount of the provision was reversed.

17. Other Non-current liabilities

The breakdown of other non-current liabilities is as follows:

	Balance at 31/12/11	Balance at 31/12/10
Loans to related companies	-	72,721
Advances received on loans	94	378
Bank borrowings	-	-
Other payables	189	754
Total	**283**	**73,853**

- Loans to related companies

This includes the loan granted by Mediaset Investment, S,R,L,A, to Mediacinco Cartera, S.L. in 2007, which has a single and final maturity date i.e., 30 June 2012. This loan was granted to finance the acquisition of a 25% ownership interest in Edam Acquisition Holding I Cooperative U.A. It bears interest at Euribor plus 100 basis points.

At 31 December 2010, an amount of EUR 47.5 million of the original loan had been converted into participating loans. The new loans have the same maturity as the original loan and interest payments are linked to the borrower's business performance. EUR 27.5 million of the loan was converted to participating loans in June 2009 and EUR 20 million on 30 June 2010.

In 2011, the total amount of the participating loans were contributed in a capital increase carried out by subsidiary Mediaset Investment, S.R.L.A.

The balance of the loan was classified as current due to its maturity.

Accrued interest on this loan in 2011 amounted to EUR 602 thousand. Accrued interest in 2010 amounted to EUR 497 thousand.

- Bank borrowings

This heading includes two bank loans that mature in 2012 and bear interest at Euribor plus a market spread, in keeping with the borrower's solvency. The credit limits on the non-current borrowings are EUR 333 million for 2011, of which no amounts were drawn down, and EUR 118 million for 2010.

18. Short-term provisions

This detail of “Short-Term Provisions” is as follows:

	Balance at 31/12/10	**Additions**	**Applications**	**Reversions**	**Transfers**	**Inclusion in consolidated scope (Note 9)**	**Balance at 31/12/11**
Provisions for sales volume rebate	**57,407**	56,866	(56,567)	-	(49)		**57,657**
Provisions for contingences	19		(11)	-			8
	57,426	**56,866**	**(56,578)**		**(49)**		**57,665**

	Balance at 31/12/09	**Additions**	**Applications**	**Reversions**	**Transfers**	**Inclusion in consolidated scope**	**Balance at 31/12/10**
Provisions for sales volume rebate	27,226	38,665	(26,992)	-	-	18,508	**57,407**
Provisions for contingences	30,244	16,353	(8,105)	(33,363)	(5,110)	-	19
	57,470	**55,018**	**(35,097)**	**(33,363)**	**(5,110)**	**18,508**	**57,426**

Short-term provisions for liabilities were reduced considerably in 2010, due to the following:

On 31 May Mediaset signed an agreement with AIE (Spanish Management Company of Actors, Musicians and Performers) resolving the differences between them regarding the remuneration of publicly broadcast audiovisual recordings. The of reversals in 2010 mostly related to this agreement. With this settlement agreement, with effect from 1 January 1995 to 31 December 2010, the parties agreed to terminate the various lawsuits and appeals they had initiated, respectively.

19. Tax matters

19.1 Consolidated tax group

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

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

19.2 Years open to tax inspection

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

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by the tax authorities or until the four-year inspection period has prescribed. Once the Spanish Tax Authorities' Tax and Customs Control Department of the Central Office of Major Tax Payers had performed its verifications and investigations in 2009, the Group has the following items and years open to inspection:

Item (s)	Years
Income Tax	2008 to 2011
Value added tax	2008 to 2011
Withholdings, non-resident income tax	2008 to 2011
Gaming tax: bets and promotional draws	06/2008 to 2011
Taxes on games of luck, betting, and chance: raffles and tombola	06/2008 to 2011
Annual transaction statement	2008 to 2011
Consolidated statement of intra-regional delivery and acquisition of assets	2008 to 2011

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

19.3 Balances relating to Public Authorities

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

	Balance at 31/12/11	Balance at 31/12/10
Deferred tax liabilities	5,305	-
Value added tax liability	5,605	10,490
Personal income tax withholdings	3,384	3,761
Payable to Social Security	1,519	1,880
Other public entities,	4,791	20,361
Payable to tax authorities	**15,299**	**36,492**

	Balance at 31/12/11	Balance at 31/12/10
Deferred Tax Assets	**158,125**	**160,050**
Income Tax receivable	**12,145**	**1,328**
VAT receivable	84	101
Other tax receivables	354	19
Receivable from tax authorities	**738**	**120**

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 5 August, which implemented Law 8/2009 and ITC order/2373/2010 of 9 September 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 recognised under "Other public entities". At 31 December 2010, the outstanding balance was EUR 19,921 thousand.

19.4 Income tax reconciliation

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

	2011	2010
CONSOLIDATED INCOME STATEMENT		
Current income tax		
Current income tax expense	61,228	26,522
Deferred tax liabilities		
Relating to increases and decreases in temporary differences	(22,746)	(26,545)
	38,482	**(22)**

	2011	2010
CONSOLIDATED PROFIT BEFORE TAX	151,131	36,500
Tax rate	45,339	10,950
Permanent differences	9,195	394
Tax credits and rebates	(16,052)	(11,366)
	38.482	**(22)**

In 2011 and 2010, the Group has not allocated to consolidated equity any amount that would have a tax effect.

19.5 Deferred taxes

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

2011	**Balance at 31/12/10**	**Increases**	**Decreases**	**Transfer**	**Balance at 31/12/11**
Deferred Taxes:					
Provisions for fixed assets impairment	-	-	-	-	-
Provision for litigation	175	735	-	-	910
Other concepts	122,294	15,386	(332)	(2,343)	135,005
Tax deductions pending to apply	12,290	17,968	(8,049)	-	22,209
Carry losses forward	25,291	-	(25,292)	-	-
Total Deferred tax assets	**160,050**	**34,089**	**(33,673)**	**(82,343)**	**158,125**

2010	Balance at 31/12/09	Increases	Decreases	Inclusion in consolidation scope	Balance at 31/12/10
Deferred Taxes:					
Provisions for fixed assets impairment	3,367	-	(3,367)	-	-
Provision for litigation	7,183	-	(7,007)	-	176
Other concepts	77,994	44,300	-	-	122,294
Tax deductions pending to apply	19,671	8,684	(16,065)	-	12,290
Carry losses forward	-	-	-	25,291	25,291
Total Deferred tax assets	**108,215**	**52,984**	**(26,439)**	**25,291**	**160,050**

2011	Balance at 31/12/10	Increases	Decreases	Transfers	Balance at 31/12/11
Other items	-	-	-	2,343	2,343
Intangible assets	-	2,962	-		2,962
Total deferred tax liability	**-**	**2,962**	**-**	**2,343**	**5,305**

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 10 years.

Other relates mainly to the temporary difference generated by the impairment of the investee Edam Acquisition Holding I Cooperative U.A.

The Group estimated the taxable profits which it expects to obtain over the next five fiscal years (period for which it considers the estimates to be reliable) based on budgeted projections. It has likewise analysed the reversal period of taxable temporary differences. Based on this analysis, the Group has recognised deferred tax assets for tax credits and deductible temporary differences which it considers probable will be recoverable in the future.

20. Guarantee commitments to third parties

The breakdown, by nature, of the guarantees provided and received at 31 December 2011 and 31 December 2010 are as follows:

Nature of Guarantee	**31/12/11** (Thousands of euros)	**31/12/10** (Thousands of euros)
Guarantees provided		
Surety bonds for contracts, concessions and tenders	67,373	38,148
Payments into court	27	127
	67,400	**38,275**
Guarantees received	**37,779**	**20,575**

20.2 Guarantees provided

The Group has provided guarantees totalling EUR 77 thousand to the Directorate-General for the Development of the Information Society (Ministry of Science and Technology, now the Ministry of Industry and Tourism) for an indefinite period of time to secure the repayable advances granted by that Directorate-General as aid for research and development in the following projects:

- Research and development of new tools for technological advancement in production processes in digital television.

- Research and development of an information system to manage contracts with electronic signature, security and contingency plans.

The breakdown of the guarantees deposited with the tax authorities is as follows:

- A second guarantee of EUR 2,280 thousand was deposited with the Tax and Customs Control Department due to the appeal against the tax settlement agreement of which the Department notified the Group on 26 June 2009 and which confirmed the proposal given in the assessment from the tax inspection dated 1 September 2008. The tax inspection included the verification of the gaming tax in respect of bets and promotional draws, as well as raffles and tombolas from September 2004 up to and including May 2008 (Note 16.2).

To guarantee the late-payment interest, the amount of the guarantee was increased by EUR 84 thousand.

The Group has deposited EUR 65 million in guarantees required for its commercial activity in 2011 and 26.07 million in December 2010.

20.2 Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at 31 December 2011 and 31 December 2010 is shown in the preceding table.

21. Share-based payment plan

At 31 December 2011, as described below, the Group has five valid share option plans which it has granted to certain employees. The last share option plan was approved in 2010.

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

Pursuant to a resolution by the Parent's Board of Directors on 2 February 2011, all the strike prices of each of the share option plans were reestimated to ensure that the two capital increases carried out in 2010 had a neutral impact on the statistics of the exercise of each. This adjustment only affected the strike prices of each Plan, not the number of options originally granted.

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

	2006 Plan	2007 Plan	2008 Plan	2009 Plan	2010 Plan	2011 Plan
Strike	17,49	19,74	7,13	5,21	7,00	5,83
Yield on the share (dividend yield)	6%	6%	10%	5%	5,5%	5,5%
Volatility	22,5%	22,5%	27,5%	30%	50%	37%

A share option plan for certain employees was approved in 2011. The weighted average fair value of these options at the measurement date was EUR 1.21 per share, calculated using a binomial valuation model with the following variables:

Variable	Value
Weighted average share price	6.22
Excercise price	5,83 euros
Expected Volatility	37%
Option life	27/7/2014-26/7/2016
Expected dividens	5,5%
Risk-Free interest rate	1,93 % (Rentability German Bond)

A share option plan for certain employees was approved in 2010. The weighted average fair value of these options at the measurement date was EUR 2.41 per share, calculated using a binomial valuation model with the following variables.

Variable	Value
Weighted average share price	8.08
Excercise price	7 euros
Expected Volatility	50%
Option life	28/7/2013-27/7/2015
Expected dividens	5,5%
Risk-Free interest rate	1,93 % (Rentability German Bond)

The two capital increases give rise to an incremental fair value for the options. In accordance with IFRS 2, as the modification took place during the vesting period of the share options, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified equity instruments vest, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period. The impact of this is not significant.

The services received from employees in exchange for the share options granted are charged to the separate income statement at fair value calculated on the date granted. An expense of EUR 1,358 thousand was recognised for share options in 2011 (2010: EUR 1.290 thousand) (Note 23.2). These share-based payment schemes in 2011 are shown in the following table (in any case, the granting conditions approved by the Board of Directors have been met):

	No, of options	Strike Price	Assignment date	From	To
Options granted	1,153,650	19,74	2007	25/07/2010	24/07/2012
Options cancelled	(111,000)	19,74	2007		
Plans outstanding at 31 December 2007	**1,042,650**				
Options granted	590,325	7,13	2008	30/07/2011	29/07/2013
Options cancelled	(18,000)	19,74	2007		
Plans outstanding at 31 December 2008	**1,614,975**				
Options granted	319,163	5,21	2009	29/07/2012	28/07/2014
Plans outstanding at 31 December 2009	1,934,138				
Options granted	1,297,650	7,00	2010	28/07/2013	27/07/2015
Plans outstanding at 31 December 2010	3,231,788				
Options granted	**673,225**	5,83	2011	27/07/2014	26/07/2016
Plans outstanding at 31 December 2011	**3,905,013**				

The schemes for 2010 are as follows:

	No, of options	Strike Price	Assignment date	From	To
Plans outstanding at 31 December 2006	**1,733,150**				
Options granted	1,153,650	19,74	2007	25/07/2010	24/07/2012
Options cancelled	(105,000)	17,49	2006		
	(18,000)	19,74	2007		
Plans outstanding at 31 December 2007	**2,763,300**				
Options granted	590,325	7,13	2008	30/07/2011	29/07/2013
Options cancelled	(111,500)	17,49	2006		
	(57,000)	19,74	2007		
Plans outstanding at 31 December 2008	**3,185,125**				
Options granted	319,163	5,21	2009	29/07/20212	28/07/2014
Options cancelled	(36,000)	17,49	2006		
	(36,000)	19,74	2007		
	(18,000)	7,13	2008		
Plans outstanding at 31 December 2009	**3,414,288**				
Options granted	1,297,650	7,00	2010	28/07/2013	27/07/2015
Options cancelled					
Plans outstanding at 31 December 2010	**4,711,938**				

The Group owns treasury to meet this commitiments

22. Financial Instruments

22.1 Derivatives

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, when necessary, to hedge those related to commercial transactions with customers, which are recognised in the consolidated statement of financial position.

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at 31 December 2011 is as follows:

2011	Notional amount/ Maturity up to one year	Amount in USD		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	32,649	44,877	1,2939	2,112
Sales of dollars in euros				
Net	32,649	44,877		2,112

The breakdown, by maturity, of the notional amounts of derivatives outstanding at the Group at 31 December 2010 is as follows:

2010	Notional amount/ Maturity up to one year	Amount in USD		Fair value
		Dollars	Year - end (€/$) exc. rate	
Purchase of unmatured currency				
Purchase of dollars in euros	9,899	13,643	1,378	332
Sales of dollars in euros	-	-	-	-
Net	9,899	16,643		332

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

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

	Equity instruments		Debt securities		Loans, derivatives and other financial assets		Total	
(Thousands of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Non-current financial assets								
Assets at fair value through profit or loss								
Held for trading		-	-	-		-		-
Other		-	-	-		-		-
Held-to-maturity investments		-	-	-		-		-
Loans and receivables		-	-	-	55,462	60,786	55,462	60,786
Available-for-sale financial assets								
Measured at fair value		301	-	-		-		301
Measured at cost		-	-	-		-		-
Hedging derivatives		-	-	-		-		-
TOTAL		**301**		**-**	**55,462**	**60,786**	**55,462**	**61,087**
Current financial assets								
Assets at fair value through profit or loss								
Held for trading		-	-	-		-		-
Other		-	-	-		-		-
Held-to-maturity investments		-	-	-		-		-
Loans and receivables		-	-	-	285,403	298,600	285,403	298,600
Available-for-sale financial assets								
Measured at fair value		-	-	-		-		-
Measured at cost		-	-	-		-		-
Hedging derivatives		-	-	-		332		332
TOTAL					285,403	298,932	285,403	298,932
TOTAL		**301**		**-**	**340,865**	**359,718**	**340,865**	**359,990**

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

	2011	2010
Non-current financial assets	55,462	61,087
Accounts receivable	229,613	270,442
Other current financial assets	55,790	28,489
	340,865	**360,018**

Accounts receivable" includes trade receivables less provisions for uncollectible receivables, which amounted to a gross EUR 230.797 thousand in 2011 and EUR 281.293 thousand in 2010.

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

2011	Due dates				
	Balance	**Less than 3 months or due dated**	**6 months**	**12Months**	**>12 months**
Trade receivables	230,797	211,389	3,781	2,972	12,655
Other debtors	7	7	-	-	-
Other financial current assets	55,790	55,790	-	0	-
	286,594	**267,186**	**3,781**	**2,972**	**12,655**

2010	Due dates				
	Balance	**Less than 3 months or due dated**	**6 months**	**12 months**	**30 months**
Trade receivables	281,293	261,891	4,528	14,874	-
Other debtors	51	51	-	-	-
Other financial current assets	28,489	25,450	-	3,039	-
	309,833	**287,392**	**4,528**	**17,913**	-

	Bank borrowings		**Bonds and other marketable debt securities**		**Payables, derivatives and other financial assets**		**Total**	
(Thousands of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Non-current financial liabilities								
Trade and other payables		-		-	283	73,853	283	73,853
Liabilities at fair value through profit or loss		-		-		-		-
Held for trading		-		-		-		-
Derivatives		-		-		-		-
		-		**-**	**283**	**73,853**	**283**	**73,853**
Current financial liabilities								
Trade and other payables	61,774	71,012		-	378,994	369,660	440,768	440,672
Liabilities at fair value through profit or loss				-		-		-
Held for trading		-		-		-		-
Derivatives		-		-		-		-
	61,774	**71,012**	-	-	**378,994**	**369,660**	**440,768**	**440,672**
	61,774	**71,012**	**-**	**-**	**379,278**	**443,513**	**441,052**	**514,525**

Bank borrowings relates to the amounts drawn on credit facilities granted to the Group. They bear market rate interest. At 31 December 2011, the Group's undrawn credit amounted to EUR 271,481 thousand, (2010: EUR 262,343 thousand). The interest accrued on these loans in 2011 amounted to EUR 2,092 thousand, (2010: EUR 1,364 thousand).

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

	2011	2010
Other non-current liabilities (Note 17)	283	73,853
Payable to related parties (Note 25)	62,013	43,306
Accounts payable for purchases and services	191,341	230,526
Accounts payable for audiovisual rights	93,777	33,934
Other non-trade payables	93,637	132,906
	441,052	**514,525**

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at 31 December 2011 and 2010.

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

2011		**Maturities**			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	191,341	190,978	341	22	-
Payables for purchases of audiovisual rights	93,777	93,084	612	81	-
Bank borrowings	61,774	61,774	-	-	-
Payables for acquisition of assets	4,583	4,556	27	-	-
Total	**351,475**	**350,392**	**980**	**103**	**-**

2010		**Maturities**			
	Balance	3 months	6 months	12 months	30 months
Payable for purchases or rendering of goods or services	230,526	225,574	4,937	15	-
Payables for purchases of audiovisual rights	33,934	33,844	90	-	-
Bank borrowings	71,012	35,522	10,690	25,000	-
Payables for acquisition of assets	4,694	4,004	690	-	-
Total	**340,166**	**298,744**	**16,407**	**25,015**	**-**

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

In accordance with prevailing mercantile legislation, in 2011 the Group must disclose the outstanding balances owed to suppliers at the reporting date that are older than the deadline provided for in Law 15/2010 of 7 July establishing measures against late payment in commercial transactions. According to this law, payment in general must be made within 60 days. There is a transitional period of 85 days from the entry into force of this law until 31 December 2011, of 75 days in 2012 and 60 from 1 January 2013. At 31 December 2010 the outstanding amounts payable to suppliers over 85 days was EUR 29,404 thousand. This figure is due mainly to administrative tasks in the processing of invoices and the impact of the increase in consolidation scope.

Total payments made within the maximum legal period	Total payments for the year	Deferrals exceeding the maximum legal payment period at year end (*)	Average debt payment period under 85 days
550,838	**604,869**	**27,692**	**8**

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

22.3 Capital management policy

The Group's capital management policy is focused on securing a return on investment for shareholders that maximises the profitability of their contribution to the company thereby making the Company a highly attractive investment vehicle for the market. The capital structure of the company places it in an excellent position as a result of its significant capacity to generate positive cash flows, even in the current markets condition.

22.4 Risk management policy

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

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

22.4.1 Credit risk

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

The Group maximum exposure to credit risk at 31 December 2011 and 31 December 2010 was as follows:

	2011 Thousands of euros	2010 Thousands of euros
Non-current receivables	55,462	61,087
Non-current financial investments	-	-
Trade and other receivables	226,746	264,638
Current receivables from Group companies and associates	2,867	5,805
Current investments	55,790	28,489
Cash and cash equivalents	58,574	87,900
	399,439	**447,918**

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

22.4.2 Operating activities

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

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

The financial assets considered as part of the operating activities are 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 risk of concentration of balances with these intermediaries is broken down below:

	2011		2010	
Thousands of euros	Total amount	No, of customers	Total amount	No, of customers
From 0 to 100	9,062	805	10,660	946
From 100 to 200	6,143	45	8,867	62
From 200 to 500	13,299	41	12,667	41
From 500 to 1,000	14,766	21	13,448	19
Over 1,000	187,527	26	235,651	34
Total	**230,797**	**938**	**281,293**	**1,102**
Provisions	(17,032)		(18,272)	
Net	**213,765**	**938**	**263,021**	**1,102**

These balances all mature within less than 12 months.

The movement in provisions was EUR 2,312 thousand.

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

22.4.3 Investing activities

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

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

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

22.4.4 Liquidity risk

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

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

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 2011, the opening credit lines total EUR 333 million. At the year end 2010, the opening credit lines total EUR 333 million. Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthen the financial sector’s perception that the Group is creditworthy and sound.

22.4.5 Market risk

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

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at 31 December as the benchmark, we applied a variation of +100 basis points -30 basis points.

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

	Reference Rate (%)	**Cash Surpluses**	**Annual interest**	**100 bp**	**Annual interest**	**-30 bp,**	**Annual interest**
31-12-11	1,024%	26,449	271	2,024	535	0,724	191
31-12-10	0,80%	-28,050	-219	1,782	-500	0,482	-135

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

The financial instruments exposed to EUR/USD 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 (15,4% for 2011 and 14,6% for 2010), to the year-end exchange rate.

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

Analysis of accounts payables to suppliers in foreign currency:

31/12/11			31/12/10		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
44,877	1.2939	2,112	13,643	1.3362	332
Sensitivity test					
44,877	1.0947	8,407	13,643	1.1414	2,072
44,877	1.4931	-2,502	13,643	1.5310	-965

Analysis of derivatives on purchases from suppliers in foreign currencies:

31/12/11			31/12/10		
USD	E,R,	Differences	USD	E,R,	Differences
61,664	1.2939	-2,947	17,305	1,3362	-467
Sensitivity analysis					
61,664	1,0947	-11,619	17,305	1,1414	-2,678
61,664	1,4931	3,411	17,305	1,5310	1,180

23 Income and expenses

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

Activity	2011 Thousands of euros	2010 Thousands of euros
Publiespaña Group advertising revenue	947,482	794,501
Other advertising revenue	1,182	423
Revenue from the rendering of services	21,554	30,063
Other	14,684	12,814
Total	**984,902**	**837,801**

23.2 The breakdown of "Staff Costs" in 2011 and 2010 is as follows:

	2011 Thousands of euros	2010 Thousands of euros
Wages and salaries	83,298	64,512
Accrued share-based payment costs (Note 20)	1,358	1,290
Termination benefits	13,672	10,047
Social security costs	15,481	11,740
Employee benefit costs	2,795	2,295
Total	**116,603**	**89,884**

Termination benefits in 2011 relate mainly to the collective redundancy authorised by the Madrid Directorate General of Labour in the Cuatro Group integration.

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

	2011		2010	
	Men	Women	Men	Women
Managers	79	37	69	31
Supervisors	43	50	33	42
Other line personnel	78	108	47	67
Clerical staff	476	477	418	364
Other	21	2	21	2
Employees under contracts for project work or services	7	12	4	6
Total employees	**704**	**686**	**592**	**512**

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

	2011		2010	
	Men	Women	Men	Women
Managers	80	38	92	34
Supervisors	40	47	58	56
Other line personnel	78	105	537	544
Clerical staff	465	475	84	120
Other	21	2	24	3
Employees under contracts for project work or services	11	16	13	16
Total employees	**695**	**683**	**808**	**773**

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

	2011 Thousands of euros	2010 Thousands of euros
Charge for the year	4,671	3,679
Amounts used	(3,870)	(3,017)
Total	**801**	**662**

23.4 The breakdown of “Other expenses” in 2011 and 2010 is as follows:

	2011	2010
Other expenses	231,853	164,452
Overprovisions	(3,884)	(10,749)
Total	**227,969**	**153,703**

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

23.5 Services provided by the auditors

“Other operating expenses” in the accompany consolidated income statement includes the fees for the audit of the Group’s financial statements in 2011, conducted by Ernst & Young, S.L., amounting to EUR 254 thousand and EUR 174 thousand in 2010.

The fees for other professional services provided exclusively to the Parent by the principal auditor amounted to EUR 99 thousand at 31 December 2011 corresponding to audit-related services (Eur 575 thousand at 31 December 2010).

23. 6 The breakdown of the Group's net finance income in 2011 and 2010 is as follows:

	2011 Thousands of euros	**2010** Thousands of euros
Interest income	7,653	7,359
Less interest expenses	(4,222)	(3,907)
Total	**3,431**	**3,452**

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

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

23.7 Exchange differences

The breakdown of the exchange differences in 2011 and 2010 is as follows:

	2011 Thousands of euros	**2010** Thousands of euros
Exchange gains	4,061	135
Exchange losses	(2,505)	(528)
Total	**1,556**	**(393)**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to USD 116 million in 2011 (2010: USD 35 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes EUR 49,137 thousand denominated in US dollars in 2011 (2010: EUR 12,951 thousand).

Trade receivables for sales and services includes EUR 80 thousand denominated in US dollars in 2011 (2010: EUR 57 thousand).

23.8 Operating leases

The breakdown of “Operating Leases” in 2011 and 2010 is as follows:

	2011	2010
	Thousands of euros	
Minimum lease payments under operating leases recognised in profit or loss	1,492	474
	1,492	**474**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2011.

24. Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at 31 December 2011 and 2010 is as follows:

	31/12/11	31/12/10
Total shares issued	**406,861,426**	**406,861,426**
Less: treasury shares	(6,419,259)	(3,567,996)
Total shares outstanding	400,442,167	403,293,430
Dilutive effect of share options and free delivery of shares	1,171,096	(2,189,138)
Total number of shares for calculating diluted earnings per share	401,613,263	405,482,568

24.1 Basic earnings per share:

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

Accordingly:

	2011	2010	Change
Net profit for the year (thousands of euros)	110,519	70,545	39,973
Number of shares outstanding	400,442,167	403,293,430	(2,851,262)
Basic earnings per share (euros)	**0.28**	**0.17**	**0.10**

24.2 Diluted earnings per share:

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

Accordingly:

	2011	2010	Change
Net profit for the year (thousands of euros)	110,519	70,545	39,973
Number of shares for calculating diluted earnings per share	401,613,263	405,482,568	(3,869,304)
Diluted earnings per share (euros)	**0.28**	**0.17**	**0.10**

25 Related party transactions

25.1 Transactions with associates and shareholders

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

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

	31/12/2011		31/12/2010	
	Receivable	Payables	Receivable	Payables
Aprok Imagen S.L.	-	-	-	-
Big Bang	-	2,461	-	702
Producciones Mandarina, S.L.	-	4,605	7	2,871
La Fábrica de la Tele, S.L.	-	7,308	108	4,379
Digital +	2,268	7,768	3,059	10,044
Grupo Mediaset	125	28,546	102	1,404
Grupo Endemol	136	4,464	241	11,469
Grupo Pegaso Televisión	-	-	1,214	-
Grupo Prisa	338	6,861	1,074	12,437
Total	**2,867**	**62,013**	**5,805**	**43,306**

The mezzanine and second lien loans are explained in Note 11.

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

2011		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	2,269	2,269	-	-
Mediaset Group	125	125	-	-
Other Companies	473	473	-	-
Total	**2,867**	**2,867**	**-**	**-**

2010		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	3,175	3,175	-	-
Mediaset Group	312	312	-	-
Other Companies	2,318	2,318	-	-
Total	**5,805**	**5,805**	**-**	**-**

Current payables to related parties by maturity are as follows:

2011		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	22,143	22,143	-	-
Mediaset Group	28,546	2,679	25,867	-
Other Companies	11,324	11,324	-	-
Total	**62,013**	**36,146**	**25,867**	**-**

2010		**Maturities**		
	Balance	3 months	6 months	12 months
Investee	17,996	16,761	1,235	-
Mediaset Group	1,404	887	517	-
Other Companies	23,906	23,331	575	-
Total	**43,306**	**40,979**	**2,327**	**-**

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

	Sales of goods		Purchase of goods		Other sales		Purchase of rights	
	2011	2010	2011	2010	2011	2010	2011	2010
Publieci Televisión, S.A.	-	-		-		-		-
Aprok Imagen, S.L.	-	-		-		-		-
Big Bang	1	-	9,183	5,451		-	6,755	1,907
Digital +	5,250	-	22,487				59	
La Fábrica de la Tele, S.L.	203	418	34,741	35,366		-		-
Producc, Mandarina, S.L.	14	49	23,024	17,665		-	6,468	566
Alba Adriática, S.L.		-		-		-		-
Grupo Mediaset	436	326	1,317	280	3,044	1,491		5
Grupo Prisa	908	-	15,902	-		-	8,238	-
Grupo Endemol	98	69	31,602	30,761		-	600	30
Grupo Pegaso	-	1,089	-	-		-		-
Total	**6,910**	**1,951**	**138,256**	**89,523**	**3,771**	**1,491**	**22,120**	**1,698**

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

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

Credit facilities

	Current Limit	Drawn Down (Dr) Cr	Non- current Limit	Drawn Down (Dr) Cr	Maturity
Exercise 2011					
Associates or Shareholders	75,000	25,823	-	-	2012
Exercise 2010					
Associates or Shareholders	-	-	75,000	72,721	2012

The balance drawn down at year end 2011 includes the participating loan granted by Mediaset Investment, S.R.L.A. (Note 17).

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread of 100 basis points for 2011 and 2010.

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

25.2 Remuneration of directors

The Company's Board members earned total remuneration of EUR 4,731 thousand and EUR 4,990 thousand in 2011 and 2010, 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.

In addition, in 2011 the Company's Board of Directors granted directors a total of 198,625 share options (397,250 share options in 2010) valued at EUR 41 thousand, which had not been exercised at 2011 year-end.

Each option granted carries the right to purchase one share of the Parent.

The exercise price of each option in 2011 is EUR 5.83 (EUR 7.00 in 2010), see Note 21.

At 31 December 2011, the most significant information on the share options granted by the Company to its directors is summarised as follows:

	Number of share options	Exercise Price (euros)	Beginning of Exercise Period	End of Exercise Period
Total Board of Directors				
Options granted in 2007	433,250	19.74	25/07/10	24/07/12
Options granted in 2008	216,625	7.13	30/07/11	29/07/13
Options granted in 2009	108,312	5.21	29/07/12	28/07/14
Options granted in 2010	397,250	7.00	28/07/13	27/07/15
Options granted in 2011	198,625	5.83	27/07/14	26/07/16

<u>Other disclosures on the Board of Directors</u>

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

In compliance with Article 229,2 of the Spanish Corporation Law, and regarding the parent company, we hereby state that Giuseppe Tringali, Paolo Vaisle, Giuliano Adreani, José Ramón Alvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Manuel Polanco Moreno, Alfredo Messina, Borja de Prado Eulate, Massimo Musolini, Helena Revoredo Delvecchio and Juan Luis Cebrián Echarri, members of the Board of Directors of Mediaset España Comunicación, S.A. as of 31 December 2011, nor any related party to the above board members according to article 231 of the Capital Companies Law, have not owned and do not own shareholdings in the share capital of companies that have a corporate purpose identical, similar or complementary to the activity that constitutes Mediaset España Comunicación, S.A.'s corporate purpose.

Mr. Alejandro Echevarría Busquet:

Subsidiary	**Activity**	**Ownership**	**Duties**
Vocento, S.A.	Communication	0,00878 %	-
Diario ABC, S.L.	Newspaper publishing	0,0002 %	-

It is hereby noted for Alejandro Echevarría Busquet, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Alfredo Messina, Borja de Prado Eulate, Massimo Musolino, Helena Revoredo Delvecchio and Manuel Polanco Moreno, as members of the Board of Directors of Mediaset España Comunicación, S.A. at 31 December 2011, that their related parties do not hold positions in companies whose activities are identical, similar or complementary to those of the Company's in accordance with article 231 of the Capital Companies Law:

Juan Luis Cebrián Echarri

Person related to Director	Company	Duties
Daughter	Corporación RTVE, Radio Televisión Española	Head of Cinema
Son	Plural Entertainment España, S.L.	Head of Fiction Series
Sister	Prisa Televisión, S.A.U.	Head of Research

In accordance with the aforementioned text, the following is a schedule of the activities carried out by the Company's Board of Directors at 31 December 2011, either on their own or on others' behalf, in company's engaging in business activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of Mediaset España Comunicación, S.A:

Mr. Alejandro Echevarría Busquet:

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

Mr. Paolo Vasile

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

Mr. Giuliano Adreani

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R.T.I. – Reti Televisive Italiane S.p.A.	Television operator	Self-employed	-	Board Member
Digitalia 08 S.r.L.	Selling of advertising space	Self-employed		Chairman
Publiespaña, S.A.U.	Advertising agency	Self-employed	-	Board Member
Publitalia 80 S.p.A.	Selling of advertising space	Self-employed	-	Chairman and Managing Director

Mr. Pier Silvio Berlusconi

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
R.T.I. – Reti Televisive Italiane S.p.A.	Television operator	Self-employed	-	Chairman/Managing Director
Publiespaña, S.A.U.	Advertising agency	Self-employed	-	Board Member
Publitalia 80 S.p.A,	Selling of advertising space	Self-employed	-	Board Member

Mr. Fedele Confalonieri

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Publiespaña, S.A.U.	Advertising agency	Self-employed	-	Board Member

Mr. Giuseppe Tringali

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Publitalia 80 S.p.A.	Selling of advertising space	Self-employed	-	Board Member
Publieurope Limited	Selling of advertising space	Self-employed	-	Board Member
Sogecable Media, S.A.U.	Advertising sales	Company employee	Publiespaña, S.A.U.	Joint and several director
Publiespaña, S.A.U.	Advertising agency	Company employee	Publiespaña, S.A.U.	Board Member
Publimedia Gestión, S.A.U.	Carrying out and executing advertising projects	Company employee	Publiespaña, S.A.U.	Joint CEO

Mr. Marco Giordani

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

Mr. Massimo Musolino

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

Manuel Polanco Moreno

09 **Name**	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Prisa Television, S.A.U.	Television holding company	-	-	Vice Chairman
Grupo Media Capital, SGPS,S.A.	Television holding company	-	-	Board Member

Juan Luis Cebrián Echarri

Name	Activity	Arrangement under which the activity is performed	Company through which the activity is carried out	Position held or function discharged
Prisa Television, S.A.U. (formerly Sogecable, S.A.U.)	Television holding company	-	-	Vice Chairman
Grupo Media Capital, SGPS,S.A.	Television holding company	-	-	Board Member
Promotora de Informaciones, S.A.	Information holding company	-	-	CEO and Chairman of Executive Committee

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

25.3 Compensation to key management personnel

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

No of persons		**Total Compensation (Thousands of euros)**	
2011	**2010**	**2011**	**2010**
23	21	6,820	7,357

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

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

In addition, there is an item of remuneration that is earned over more than one year the targets of which are not certain to be met; however, at 31 December 2011 and 2010, the Company recognised a provision that represent its best estimate at that date based on a conservative forecast,

A total of 474,600 options were granted to senior executives in 2011 (2010: 900,400 options) for EUR 141 thousand (2010: EUR 723 thousand) recognised under "Employee benefits expense",

26 Significant events after the reporting date

At 31 December 2011, test broadcasting had begun by the new channel, Energy, which is part of the Cuatro multiplex. After the year-end, this channel was broadcasting normally.

THE SPANISH ECONOMY IN 2011

Data on the Spanish economy available at the date of authorisation for issue of these financial statements are discouraging, not just the performance in 2011, but also the outlook for 2012.

Last year featured a series of shocks in the debt markets, above all issues by European peripheral countries struggling with fiscal imbalances (notably Portugal, Italy and Spain), whose spreads versus German bunds reached unsustainable levels in the latter months of the year. In Greece, the situation became dramatic due to the scale of the country's imbalances and its high debt. There were even fears that the country would have to leave the single currency because of both its clear inability to repay its debt and the harsh measures required by its partners amid an economic recession.

At the date of authorisation for issue of these financial statements, the measures adopted by the new governments in both Italy and Spain had eased pressures on debt spreads considerably. As a result, access to these markets was mostly back to normal.

2011 proved to be a year of a multi-speed global economy, with the peripheral countries (mainly emerging Asia and Latin America) still achieving healthy growth rates, albeit less so than in previous years. The US showed signs of rebounding, with GDP growth of 2.8% for the year, but it was hardly the global growth driver it was expected to be. The European Union was a major disappointment – data for the full year have yet to be released, but the paltry 0.2% growth in the fourth quarter bore testament to the steep slowdown seen throughout the year- prompting expectations of a sustained economic recovery to ultimately shift to the reality of a dip back into recession.

For Spain, data for 2011 indicate that annual GDP growth (estimated at 0.7% at the date of authorisation for issue of these financial statements, as final data had yet to be released) was clearly insufficient to herald any sort of recovery. Worse still, the trend during the year was downward. The Spanish economy fell back into recession in the fourth quarter, with GDP contracting 0.3% year-on-year. Meanwhile, most analysts forecast a steeper downturn in 2012, with falls of over 1.3%. Private consumption looks set to remain weak, while public demand should plunge in the wake of the fiscal and budget adjustment measures affecting the various levels of administration.

The unemployment rate is another story, reaching 22.9% of the total labour force in 2011 -the highest in Europe- and on track to top 24% according to most analysts.

Prices did not perform well during the year either, rising 2.4%. Inflation was mainly caused by upward pressure on fuel and commodity prices due to both geopolitical factors and waning demand by the large emerging economies. However, data for January this year show the headline rate ticking back to 2%.

Lastly, we would highlight the fiscal adjustment measures adopted by the new government in Spain after the general elections. Although necessary, these measures are likely to: 1) undermine disposable income levels from February, at least initially; and 2) dent economic recovery, given the traditionally high weight of private consumption in domestic demand in Spain. In short, 2012 will probably bring about the aforementioned recession, from which Spain will probably not emerge until well into 2013, according to most analysts.

MEDIASET ESPAÑA: LEADER IN THE CRISIS

As we have explained other years, the adverse economic backdrop caused demand for television advertising to fall more in 2008 and 2009 that at any time before. Prices plummeted as public TV benefited from a dual financing model, not to mention excess supply of TV space, with too many operators vying for the advertising pie.

RTVE stopped broadcasting commercials in 2010 by law. This was something commercial networks had been lobbying for and became even more important with the advertising market contracting sharply since 2008. In 2010, the disappearance of advertising from RTVE, which prompted private operators to attempt to push up prices, coupled with a relatively more propitious economic and business environment, at least in the early part of the year (e.g. subsidies on automobile purchases, imminent hike in VAT on 1 July, World Cup in South Africa), boosted TV advertising sales by 5.2%. This was a healthy increase considering the state of the economy.

However, in 2011, the TV advertising market plummeted again, even despite signs early on pointing to a year of moderate growth, as we suggested in our 2010 management report.

Unfortunately, the truth was far worse. With final data on the performance of the advertising market by Kantar Media still to be released at the date of preparation of these financial statements, estimates point to a decline in TV advertising revenue of around 10% in 2011, with far steeper falls in the third and fourth quarter.

The highlight of 2011 for Mediaset España was the integration of Cuatro into the rest of the Group's operations following its acquisition on 28 December 2010. This integration boosted the Group's share of global advertising sales and provided a target complement to the Group's commercial strategy. That said, when the market really slumped from the second quarter, expectations of unlocking the value of the advantages of the integration were pushed back until demand effectively recovered. Nonetheless, its leadership position on this front (43.5% share in 2011, more than 10 points above its closest rival and moving up to 44% in the last quarter) leaves the Group poised to benefit when the trend reverses.

Turning to audience, Cuatro's integration came at the time when specific TDT channels (Divinity, La Siete, FDF, Boing) were growing and solidifying their positions through a strategy aimed at diversifying and targeting different viewer profiles. This strategy shored up both overall family and individual audience shares of each, thereby avoiding cannibalisation. What's more, TV consumption was at its highest ever, not only due to the economic crisis, but also to the greater audience diversification and penetration through fragmentation.

To illustrate, data show Mediaset España was the overall leader in 2011, with a 26.4% share, more than 4 points ahead of RTVE and 9.3 ahead of its main commercial competitor. The Mediaset channel reached a 14.2% share in the year, just three-tenths below La Primera (RTVE) but 2.7 points above the second operator. Meanwhile, Cuatro's share was 6.1%, 0.4 points from its main competitor, La Sexta. A new channel, Divinity, began airing in the first quarter of 2011. Mainly targeting young, urban women, this channel achieved a highly satisfactory 0.7% average share for the year.

Comparing the Group's results in 2011 with those of 2010, we see:

- Total operating income increased from EUR 855,061 thousand in 2010 to EUR 1,009,330 thousand in 2011.

- Operating expenses increased from EUR 635,620 thousand to EUR 844,801 thousand due to the acquisition of Cuatro. In like-for-like terms, however, the Group's efforts to reduce costs (mainly programming) were evident, especially once the downtrend in the advertising market was clear. The ability to lower costs in a highly operationally geared industry like TV stems from Mediaset España's naturally flexible television model, predicated on having a greater weight of in-house than outside production. Also helping to lower costs in the year were the absence of major sporting events, the extraction of synergies from the integration of Cuatro and the fewer number of films screened compared to 2010.

- Profit from operations amounted to EUR 164,529 thousand, down from EUR 219,441 thousand in 2010, leaving an operating margin (profit from operations/operating income) of 16.3% in 2011 compared to 25.7% in 2010. Given the high operational gearing inherent in the TV business, the decrease relates mainly to the downturn in the advertising market in the year despite major efforts to rein in costs, as explained above.

- Lastly, profit for 2011 attributable to the Parent amounted to EUR 110,519 thousand, compared to EUR 70,545 thousand in 2010.

DIVIDENDS

In 2011, the Company paid a total of EUR 140,160 thousand of dividends, EUR 97,912 thousand in ordinary dividends out of 2010 profit and EUR 42,248 thousand of extraordinary dividends, representing a total of EUR 0.35 per outstanding share, paid on 4 May.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

Mediaset España maintained its policy of investing in audiovisual broadcasting rights in 2010, 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, Mediaset España Comunicación, S.A. placed special emphasis once again on investment in Spanish series.

Worth highlighting were the activities undertaken by Mediaset Cinema, S.A. (formerly Estudios Picasso S.A.), a wholly owned subsidiary of Mediaset España Comunicación, S.A. charged with film production under the legal requirement of TV concessionaires to earmark 5% 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, Mediaset 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.

In short, the aim is to combine talent, profitability and opportunities efficiently for our brightest and most promising professionals in order to maximise the return on investment, considering that the activity is not voluntary, and to produce films that bring together quality and commercial appeal under the network's logo.

Highlights of 2011 include the success of the film “No habrá paz para los malvados”, among critics and viewers alike. It was the 5th most watched film of the year. It received 14 nominations for the Goya awards (more than any film), winning six. This was an excellent result, underscoring the quality of this production. “Verbo”, which also premiered in 2011, won three nominations, including “Best direction” and “Best new actress”.

Finally, the film “Amigos” was a hit at the box office. It was one of the summer’s top comedies and won the Viewers' choice award (Premio de Público) at the Málaga Spanish film festival.

INTERNET

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

Mediaset ,es wants to become a web with its own personality and identity, with content close to users and coordinated with the Group’s most recognisable formats.

Mediaset España is one of the most viewed websites in the media industry.
Also noteworthy are the production of exclusive Internet content and the launch of the new “Mi Tele” webpage.

TREASURY SHARES

At 31 December 2011, the Company held 6,419,259 of its own shares, representing 1, 58% of share capital post capital increases.

MEDIASET ESPAÑA SHARE PRICE PERFORMANCE

Mediaset España Comunicación’s share price struggled in 2011, as did the IBEX 35 Spanish blue chip index in which it is a constituent, slumping 46.4%, making it the index’s second worst performer in the year. The shares reached a high of EUR 9.96 of 9 February and a low of EUR 3.76 on 24 November. Average daily trading volume for the year was high, at 2,922,482 shares, equivalent to EUR 18,185,860.

Total trading volume was EUR 4,640.9 million, 11.9% lower than in 2010.

Within the IBEX35, Mediaset España ranked 28th at the end of 2011 by market cap and 24th by trading volume.

In the Media sector, Mediaset España Comunicación ranked first at year-end 2011 in Spain by market cap EUR 1,794 million) and fourth in Europe, behind ITV (EUR 3,180 million), ProSieben (EUR 3,089 million) and Mediaset S.p.A (EUR 2,528 million).

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.

The main measures adopted by Mediaset España Comunicación in the field of corporate governance since 2006 are as follows:

Amendments of the rules governing the organisation and operation of the main management bodies. Specifically, amendments have been made to 9 articles of the Company's bylaws, 4 articles in its General Shareholders' Meeting regulations and 18 articles in the Regulations of the Board of Directors. In addition, the Company drafted an Internal Code of Conduct for Mediaset España Comunicación, S.A and its Group of Companies governing their activities on the stock markets.

Revision of the composition of the Board of Directors and the board committees to increase the percentage of independent directors, meanwhile, the Audit and Compliance Committee and the Appointments and Remuneration Committee are chaired by independent directors.

Increase in the number of women directors, reflecting the network's commitment to gender equality.

Continued detailed information on remuneration paid to directors in the Company's annual financial statements, as well as in the Annual Corporate Governance Report and the Report on the Directors' Remuneration Policy.

Verification of the Corporate Governance Report and the Corporate Responsibility Report by an independent auditor (PricewaterhouseCoopers).
Mediaset España Comunicación's efforts in 2011 were acknowledged by Observatorio de Responsabilidad Social Corporativa, a Spanish corporate social responsibility organisation, which rated it top among IBEX-35 companies in a study of corporate governance compliance. The network was rated highly for its efforts in transparency and the degree of compliance with the Unified Code Recommendations.

Mediaset is aware of the social impact of its actions. This awareness is all the more important at Mediaset as a mass media, prompting the network to spearhead a variety of initiatives, such as the "12 meses, 12 causas" (12 months, 12 causes) project to make the network's viewers more aware of a series of issues. The program entails a monthly spot and a web platform through the www,12meses12causas,com webpage, which encourages community interaction and awareness of younger people,

Internally, Mediaset also remains firmly committed to the training and career development of its employees.

HEDGING

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

RISK CONTROL

As part of its general oversight function, the Board of Directors is in charge of identifying the Mediaset Group's main risks, as well as implementing and monitoring the internal information and control, and internal reporting systems.

In addition, among the basic responsibilities of the Audit and Compliance Committee are to know and verify the appropriateness of the financial reporting process and internal control systems.

To support and back this Committee, a Corporate Risk Management System is applied consistently at all Group companies. This system is reviewed and updated periodically.

Corporate risk management at Mediaset is based on the COSO II (Committee of Sponsoring Organizations of the Treadway Comission) integrated framework for enterprise risk management.

Mediaset España Comunicación monitors its risks permanently, assessing the relevance and potential impact on Group companies, the probability that this risk will occur and the degree of control over the risk.

RESEARCH AND DEVELOPMENT

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

EVENTS AFTER THE REPORTING PERIOD

The main events occurring between the end of the reporting period and the date of authorisation for issue of the financial statements are those discussed in the related Note to the financial statements.

CAPITAL STRUCTURE

The Company's share capital before the capital increases carried out to acquire Cuatro and 22% of Digital+ in 2010 amounted to EUR 123,320,928,00, made up of 246,641,856 shares of the same class represented by book entries and with a par value of EUR 0.50 each. As a result of the capital increases, the number of shares increased to 406,861,426 of EUR 0.50 par value each, taking the total to EUR 203,430,713. 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 3 January 2005.

BUSINESS OUTLOOK

The Company's business in 2012 will evidently be shaped by the overall macroeconomic environment. As discussed briefly in this Management Report, this year is likely to be one of transition, with no major economic rebound in the cards.

2012 is also likely to featured further intra-sector consolidation due to both the weakness of demand for advertising and to ongoing M&A action. The outcome will be a smaller number of operators and a greater concentration of channels among each.

Against this backdrop, our Group's business will focus on boosting market share in both audience and advertising considerably by broadcasting sporting events to which we have exclusive rights (e.g. European football, Moto GP). With advertisers having trimmed their budgets compared to 2011, they could well concentrate more on famous sporting events.

Elsewhere, we will attempt to leverage the Group's higher operational gearing, predicated on the greater weight of in-house vs. outside production in terms of broadcasting hours, by raising or lowering the percentages in accordance with advertising revenues in order to protect operating margins.

Other main objectives include maintaining a solid financial and equity position, and reinforcing the Internet business strategy.

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

Shareholder agreements in force are those included in "Significant Event" notices filed by the Company with the National Securities Exchange Commission (CNMV) on 8 February 2011, as follows:

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

1, Integration Contract

Subject to Clause 3,4 of the Integration Agreement and as described in the Prospectus dated 18 November 2010, Prisa TV (formerly Sogecable) is entitled to appoint two members of the Board of Directors of Mediaset (at the same time as Mediaset will have 8) and will be entitled to appoint one director for as long as it holds a minimum of 5% of the Mediaset's share capital. In addition, whilst Prisa TV holds 10% of Mediaset's share capital, it will be entitled to appoint, among the directors it has appointed, a non-executive Vice-president, a member of the Executive Committee, a member of the Audit and Control Committee and a member of the Remuneration and Nomination Committee, Mediaset S.p.A has expressed its agreement with the contents of the indicated clause.

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

"3,4, Mediaset Government

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

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

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

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

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

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

2. Option Agreement

Pursuant to clause 4, 4 of the Option Agreement and as described in the Prospectus, Prisa TV (formerly Sogecable) has committed to the Company not to transfer the New Mediaset España Comunicación's Shares subscribed in exchange of the contribution of Sociedad General de Televisión Cuatro, SAU (representing 17,336% of the Mediaset España's share capital after the adjustment contractually agreed in the deal), shares that, for this purpose, have been pledged in favour of Mediaset España Comunicación.

This commitment will remain in effect until March 28, 2012 or, if the option is exercised as per the Option Agreement, as set out in paragraph 5,2,3, (F,6) of the Registration Document of the Pre-Prospectus approved and registered as of November 18, 2010 (the "Preprospectus"), until it gets: (i) the unconditional authorization or subject to no substantial conditions of the antitrust authorities; and if necessary ruled by an independent expert or experts designated for that purpose by the parties, or (ii) an agreement between the parties on the conditions imposed by competition authorities. Therefore, until Mediaset España Comunicación will not make effective the additional corporate rights granted by the sale agreement and shareholders agreement in Digital+ as described in paragraph 5,2,3 of the Pre-prospectus (the "Additional Corporate Rights"). If not, or if it is impossible to apply the Additional Corporate Rights, there would be, among other things, the cancellation of the New Shares owned by Prisa TV, as indicated in the mentioned paragraph 5,2,3, (F,6) of the Pre-prospectus.

The following is the transcript of the, limited to pledges of non-availability of shares to Prisa TV (formerly Sogecable), clause 4, 4 of the Option Agreement:

4.4Prohibition of disposal of New Shares and Participation Mediaset

SOGECABLE agrees not to offer, sell, convey any title, neither directly nor indirectly to place any liens and encumbrances on, the New Mediaset España Comunicación’s Shares, until the effect of this Clause 4 will be extinguished, all without prejudice to the events arising from the Pledge and NAT Pledge and other security referred to in paragraph (i) of Clause 4.6 below. Accordingly, clause 13.2 of the Integration Agreement shall be void. Accordingly, clause 13.2 of the Integration Agreement shall be void.

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

A. Appointment and removal of directors,

Article 41 of the Company bylaws:

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

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

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

Article 54 of the Company bylaws:

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

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

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

Article 55 - Removal of directors

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

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

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

B. Amendments to the Company's bylaws.

Article 34. - Adoption of resolutions

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

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

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

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

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

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

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

a) Authorisation 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 organisation and functions.

h) Authorisation 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 EUR 13,000,000.

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

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 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) Authorisation, following a favourable report of the Audit and Compliance Committee, of the related-party transactions that Mediaset 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 Mediaset Group companies and derivative instruments whose underlying is the aforementioned shares.

These transactions may be undertaken:

- Directly by the Company or by other Mediaset Group companies
- Indirectly, through third parties with an explicit or implicit mandate.
- By third parties without a mandate but acting to the same end.

9.2. *Policy on treasury shares*

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

9.3. *General principles guiding trading in treasury shares*

Trading in treasury shares shall conform to the following principles:

9.3.1. Compliance with regulations

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

9.3.2. Purpose

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

9.3.3. Transparency

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

9.3.4. Insider information

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

9.3.5. Neutrality in price formation

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

9.3.6. Brokerage

The Mediaset 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 Group companies shall refrain from buying or selling Company shares where the counterparty is any of the following persons or entities: (i) Mediaset Group companies, (ii) the directors thereof, (iii) their significant shareholders, or (iv) interposed persons of any of the above. Similarly, the Mediaset 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 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.

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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 Group's managing bodies.

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

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

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

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

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

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

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

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

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

Position	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 24/04/02 and 31/12/07: 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).