Annual Report | 2008 | Telecinco

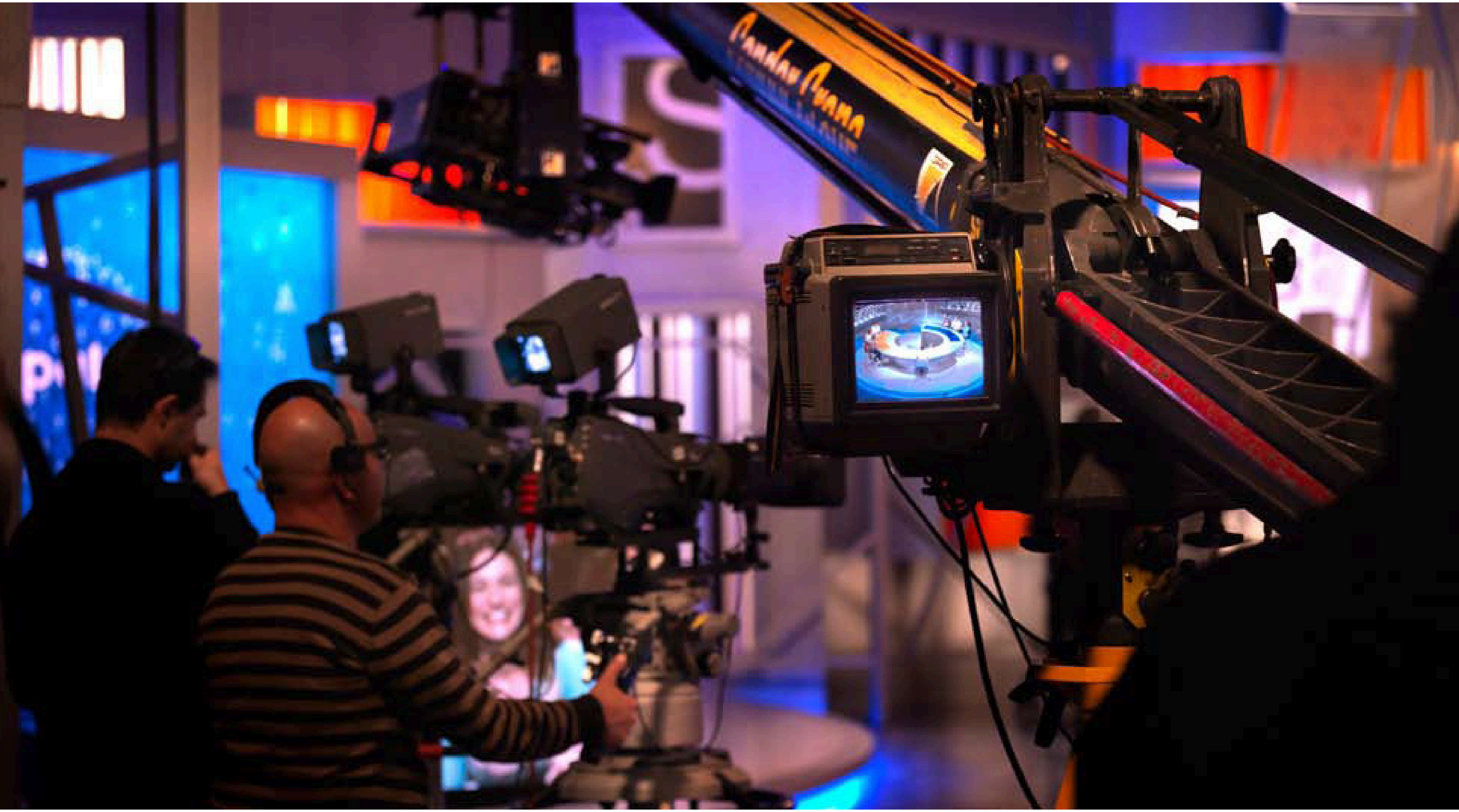
Financial Report, Financial Statements and Corporate Governance Report

TELECINCO

Annual Report | **2008**

Financial Report, Financial Statements and Corporate Governance Report

GESTEVISIÓN TELECINCO, S.A.



AUDIT REPORT: GESTEVISIÓN TELECINCO, S.A.

Consolidated Annual Accounts and Consolidated Management Report for the year ended December 31, 2008

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AUDIT REPORT ON THE FINANCIAL STATEMENTS

(Free translation from the original in Spanish)

To the Shareholders of Gestevisión Telecinco, S.A.:

1. We have audited the financial statements Gestevisión Telecinco, S.A., which consist of the balance sheet at December 31, 2008, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the company. Our responsibility is to express an opinion on the aforementioned financial statements taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the financial statements, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

2. The accompanying 2008 financial statements are the first prepared by the directors under Spanish GAAP, enacted by Royal Decree 1514/2007. In this regard, in accordance with section one of Transitional Provision Four of said Royal Decree, January 1, 2007 has been taken as the transition date and, therefore, comparative figures for 2007 are included for each of the headings in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto in addition to the figures for 2008. These comparative figures have been obtained applying Spanish GAAP, enacted by Royal Decree 1514/2007. Therefore, the previous year's figures differ from those set forth in the approved 2007 financial statements, which were prepared in accordance with generally accepted accounting principles and standards in force in Spain at that time. Note 20 to the financial statements, "Issues relating to the transition to new accounting principles," provides an explanation of the main differences between the accounting criteria applied in 2007 and those currently applicable, as well as quantification of the impact on equity at January 1 and December 31, 2007 and on results for 2007. Our opinion refers only to the financial statements for 2008. On February 28, 2008, other auditors issued their audit report on the 2007 financial statements, prepared in accordance with the accounting principles and standards in force that year, in which they expressed an unqualified opinion.

3. The Company carries out a significant volume of transactions with Group companies. The transactions of this nature carried out in 2008 and the related balances at year end are described in Notes 7, 8 and 18.

4. In our opinion, the accompanying 2008 financial statements give a true and fair view, in all material respects, of the equity and financial position of Gestevisión Telecinco, S.A. at December 31, 2008 and the results of its operations, changes in equity and cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the applicable accounting principles and standards generally accepted in Spain, which are consistent with those applied in the preparation of the figures and information related to 2007 which have been included in these 2008 financial statements for comparative purposes.

5. The accompanying 2008 management report contains such explanations as the directors consider appropriate concerning the situation of the Company, the evolution of its business and other matters, and is not an integral part of the financial statements. We have checked that the accounting information included in the aforementioned management report agrees with the financial statements for the year ended December 31, 2008. Our work as auditors is limited to verifying the management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the Company's accounting records.

ERNST & YOUNG, S.L.

(signed on the original in Spanish)
Antonio Vázquez Pérez

February 25, 2009

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GESTEVISION TELECINCO, S.A.

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BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

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(Thousands of euros)

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ASSETS	Notes	2008	2007
NON-CURRENT ASSETS		**597,028**	**655,402**
Intangible assets	**6**	**129,432**	**142,218**
Patents, licenses, trademarks, et al.		275	-
Software		2,543	2,865
Audiovisual property rights		126,614	139,353
Property, plant and equipment	**5**	**50,106**	**53,033**
Land and buildings		31,009	31,287
Plant and other PP&E items		18,949	17,668
Property, plant and equipment under construction and prepayments		148	4,078
Inversiones en empresas del grupo y asociadas a largo plazo	**7**	**333,602**	**426,920**
Equity instruments		129,377	246,433
Loans to companies	8	204,225	180,487
Financial investments	**8**	**12,081**	**11,505**
Equity instruments		10,995	11,046
Loans to third parties		922	321
Other financial assets		164	138
Deferred tax assets	**14**	**71,807**	**21,726**
CURRENT ASSETS		**402,832**	**374,578**
Inventories	**9**	**7,190**	**3,425**
Finished products		7,025	3,204
Prepayments to suppliers		165	221
Trade and other receivables	8.10	244,768	204,611
Trade receivables		16,202	15,524
Trade receivables from group companies and associates	18	185,344	187,573
Other receivables		5	5
Receivables from employees		54	82
Current income tax assets	14	43,163	1,427
Investments in group companies and associates	**8**	**120,814**	**103,326**
Loans to companies		34,625	42,492
Other financial assets		86,189	60,834
Financial investments	**8**	**2,142**	**7,349**
Equity instruments		-	6,976
Loans to companies		1,572	60
Derivatives		262	-
Other financial assets		308	313
Accruals		**3,862**	**8,771**
Cash and cash equivalents	**11**	**24,056**	**47,096**
Cash surpluses		24,056	47,096
TOTAL ASSETS		**999,860**	**1,029,980**

Translation of financial statements originally issued in Spanish and prepared in accordance with Spanish GAAP. In the event of a discrepance the Spanish language version prevails.

Read with the attached explanatory notes.

EQUITY	**12**	**515,978**	**563,593**
CAPITAL AND RESERVES		**515,978**	**563,593**
Share capital		**123,321**	**123,321**
Issued capital		123,321	123,321

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007
(Thousands of euros)

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EQUITY AND LIABILITIES	Notes	2008	2007
EQUITY	12	515,978	563,593
CAPITAL AND RESERVES		515,978	563,593
Share capital		123,321	123,321
Issued capital		123,321	123,321
Share premium		37,013	37,013
Reserves		144,235	139,336
Legal and statutory reserves		24,664	24,664
Other reserves		119,571	114,672
Treasury shares and equity investments		(57,813)	(56,469)
Profit for the year		269,222	320,392
NON-CURRENT LIABILITIES		39,268	77,439
Provisions	13	38,240	75,495
Provisions for contingencies and liabilities		38,240	75,495
Borrowings	8	1,028	1,721
Other financial liabilities		1,028	1,721
Deferred tax liabilities	14	-	223
CURRENT LIABILITIES		444,614	388,948
Provisions	13	22.690	267
Borrowings		23,455	27,186
Derivatives		-	395
Other financial liabilities		23,455	26,791
Borrowings from group companies and associates		257,161	200,486
Trade and other payables	8	141,262	160,824
Suppliers		65,977	61,832
Suppliers, group companies and associates		52,156	46,788
Other payables		954	518
Employee benefits payable		10,114	7,338
Current tax liabilities		-	30,395
Other payables to public administrations		12,061	13,953
Accruals		46	185
TOTAL EQUITY AND LIABILITIES		999,860	1,029,980

Read with the attached explanatory notes.

INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Thousands of euros)

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	Notes	2008	2007
CONTINUING OPERATIONS			
Revenue	17	774,974	879,620
Sale of goods		759,989	863,482
Rendering of services		14,985	16,138
Changes in inventory of finished goods and work in progress	17	3,821	1,511
Work performed by the entity and capitalized		12,141	13,570
Cost of sales		(194,852)	(175,728)
Consumption of goods for resale	17	(194,852)	(175,728)
Other operating income		47,289	32.358
Ancillary income		47,286	32,358
Grants related to income		3	-
Employee benefits expense		(57,913)	(54,813)
Wages, salaries, et al		(48,685)	(46,074)
Social security costs, et al	17	(9,228)	(8,739)
Other operating expenses		(125,744)	(140,104)
External services		(120,146)	(136,112)
Taxes		(5,125)	(3,624)
Losses on, impairment of and change in trade provisions		(473)	(368)
Depreciation and amortization		(173,222)	(172,775)
Overprovisions		5,080	750
Impairment losses and gains (losses) on disposal of non-current assets		6,641	(5,150)
Impairment losses and losses	5	6,688	(5,109)
Gains (losses) on disposal and other gains and losses	5	(47)	(41)
OPERATING PROFIT		298,215	379,239
Finance income		162,878	70,744
From equity investments		144,294	54,576
In group companies and associates		144,294	54,576
From marketable securities and other financial instruments		18,584	16,168
Of group companies and associates		15,309	7,398
Of third parties		3,275	8,770
Finance costs		(11,524)	(8,824)
Borrowings from group companies and associates		(9,350)	(7,886)
Third-party borrowings		(2,174)	(938)
Change in fair value of financial instruments		(809)	(1,008)
Trading portfolio and other securities		(809)	(1,008)
Exchange gains (losses)		(348)	200
Impairment and gains (losses) on disposal of financial instruments		(150,774)	(15,192)
Impairment losses and losses		(150,763)	(15,192)
Gains (losses) on disposal and other gains and losses		(11)	-
FINANCE COST		(577)	45,920
PROFIT BEFORE TAX		297,638	425,159
Income tax	14	(28,416)	(104,767)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		269,222	320,392
DISCONTINUED OPERATIONS			
Profit / (Loss) after tax for the year from discontinued operations		-	-
PROFIT FOR THE YEAR		269,222	320,392

Read with the attached explanatory notes.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Thousands of euros)

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A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

	Notes	2008	2007
PROFIT FOR THE PERIOD		269,222	320,392
Income and expense recognized directly in equity			
From measurement of financial instruments		-	-
Available-for-sale financial assets			
Other income/expense		-	-
From cash flow hedges			
Currency translation differences			
Grants, donations and bequests received		-	-
From actuarial gains and losses and other adjustments			
Tax effect			
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY		**-**	**-**
Amounts transferred to income statement			
From measurement of financial instruments		-	-
Available-for-sale financial assets			
Other income/expense		-	-
From cash flow hedges			
Grants, donations and bequests received			
Tax effect			
TOTAL AMOUNTS TRANSFERRED TO INCOME STATEMENT		**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE		**269,222**	**320,392**

Read with the attached Notes

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007
(Thousands of euros)

B) STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007

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	Issued capital	Share premium	Legal reserve	Reserves for share option plans	Reserves	Treasury shares and equity investments	Profit for the year	TOTAL
ADJUSTED BALANCE AT JANUARY 1, 2007	123,321	37,013	24,664	5,034	101,780	(25,838)	318,710	584,684
Total recognized income and expense	-	-	-	-	-	-	320,392	320,392
Transactions with shareholders and owners								
Dividends paid	-	-	-	-	4,461	-	(318,710)	(314,249)
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	(30,631)	-	(30,631)
Incentive plans though share-based payments	-	-	-	3,397	-	-	-	3,397
Other changes in equity	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2007	123,321	37,013	24,664	8,431	106,241	(56,469)	320,392	563,593
ADJUSTED BALANCE AT JANUARY 1, 2008	123,321	37,013	24,664	8,431	106,241	(56,469)	320,392	563,593
Total recognized income and expense	-	-	-	-	-	-	269,222	269,222
Transactions with shareholders and owners								
Dividends paid	-	-	-	-	2,830	-	(320,392)	(317,562)
Transactions with treasury shares or own equity instruments (net)	-	-	-	-	-	(1,344)	-	(1,344)
Incentive plans though share-based payments	-	-	-	2,069	-	-	-	2,069
Other changes in equity	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2008	123,321	37,013	24,664	10,500	109,071	(57,813)	269,222	515,978

Read with the attached Notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008 AND 2007
(Thousands of euros)

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	Notas	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**297,638**	**425,159**
Adjustments to profit		**153,333**	**142,336**
Depreciation and amortization (+)		173,222	172,509
Impairment losses (+/-)		144,490	21,350
Changes in provisions (+/-)		(14,832)	8,719
Finance income (-)		(162,878)	(70,744)
Finance costs (+)		11,524	8,824
Change in fair value of financial instruments (+/-)		(262)	-
Other income and expenses (+/-)		2,069	1,678
Change in working capital		**13,417**	**(2,112)**
(Increase)/Decrease in inventories		(3,765)	(1,559)
(Increase)/Decrease in trade and other receivables		1,579	(15,584)
(Increase)/Decrease in other current assets		4,909	885
(Increase)/Decrease in trade and other payables		10,833	16,011
(Increase)/Decrease in other current liabilities		(139)	(1,865)
Other cash flows from operating activities		**503**	**(48.991)**
Interest paid (-)		(11,524)	(8,824)
Dividends received (+)		144,294	54.576
Interest received (+)		18,584	16,168
Income tax receipts (payments) (+/-)		(150,851)	(110,911)
CASH FLOWS FROM OPERATING ACTIVITIES		**464,891**	**516,392**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments (-)		**(243,649)**	**(508,258)**
Group companies and associates		(77,436)	(375,277)
Intangible assets		(161,630)	(125,518)
Property, plant and equipment		(4,583)	(7,463)
Proceeds from disposals (+)		**75,752**	**85,744**
Group companies and associates		67,350	16,787
Intangible assets		1,361	2,578
Property, plant and equipment		60	42
Other financial assets		6,981	66,178
Other assets		-	159
CASH FLOWS FROM INVESTING ACTIVITIES		**(167,897)**	**(422,514)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments on equity instruments		**(1,344)**	**(30,631)**
Acquisition of own equity instruments (-)		(1,344)	(30,631)
Proceeds from and payments of financial liabilities		**(1,128)**	**(23,266)**
Repayment and redemption of		(1,128)	(23,266)
Payable to group companies and associates (-)		-	(23,178)
Other borrowings (-)		(1,128)	(88)
Dividends paid and payments on other equity instruments		**(317,562)**	**(314,249)**
Dividends (-)		(317,562)	(314,249)
CASH FLOWS FROM FINANCING ACTIVITIES		**(320,034)**	**(368,146)**
NET FOREIGN EXCHANGE DIFFERENCE		**-**	**-**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(23,040)**	**(274,268)**
Cash and cash equivalents at 1 January	11	**47,096**	**321,364**
Cash and cash equivalents at 31 December	11	**24,056**	**47,096**

Read with the attached Notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. ACTIVITY

Gestevisión Telecinco, S.A. (the Company), 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 engages in the indirect management of a public television service in accordance with the terms of the concession granted by the State, by virtue of the 28 August 1989 Resolution of the General Secretariat of Communications and the concession agreement executed in a public deed on 3 October 1989, and the performance of all operations naturally required for or resulting from said management.

Under a Council of Ministers Resolution dated 10 March 2000, this concession for the indirect management of the public television service was renewed for ten years starting on 3 April 2000. The Company has made all the necessary investments to begin digital broadcasts pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial Television.

Under a Council of Ministers Resolution dated 25 November 2005, the concession agreement was extended along with those of the other concession operators in Spain, and we were granted concessions for three Digital Terrestrial Television (DTT) 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.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the new accounting principles approved by Royal Decree 1514/2007 of November 16 and prevailing mercantile law.

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

TRUE AND FAIR VIEW

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company, as the Parent of a corporate group in accordance with Royal Decree 1815/1991, of 20 December, and given that it is a listed company, is obliged to present consolidated financial statements in accordance with the International Accounting Standards approved by the European Union. Accordingly, the corresponding consolidated financial statements were prepared together with these individual financial statements. Consolidated equity and net profit for the year ended 31 December 2008 totaled €448,373 thousand and €211,279 thousand, respectively.

COMPARATIVE INFORMATION

The 2008 financial statements are the to be prepared based on the new accounting principles approved by Royal Decree 1514/2007 of November 16.

The Company chose to measure all its assets and liabilities at the transition date pursuant to the accounting standards prevailing prior to the enactment of Law 16/2007, dated July 4, which reforms and adapts the accounting regulations contained in mercantile law for the purposes of international harmonization, based on the related EU directive, except financial instruments, which are carried at fair value.

Thus, in accordance with mercantile law, for comparative purposes the Company has included the 2007 figures in addition to those of 2008 for each item of the balance sheet, of the income statement, of the statement of changes in equity, of the cash flow statement and the of Notes thereto. The 2007 figures have been obtained by applying the principles and standards established in the new accounting principles approved by Royal Decree 1514/2007. Therefore, the figures corresponding to the previous year differ from those contained in the 2007 financial statements, which were prepared based on the accounting principles and standards in force at that time. The principal differences between the accounting principles applied in the previous years and those applied this year, as well as the quantification of the impact of this change in principles at 1 January and at 31 December 2007 on equity and on 2007 results, are explained in Note 20 "Issues related to the transition to the new accounting principles."

CRITICAL ISSUES CONCERNING THE ASSESSMENT OF UNCERTAINTY

The preparation of the Company's annual financial statements require the Directors to make judgments, estimates, and assumptions which affect the application of accounting principles and the balances of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities at the reporting date. These estimates and assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amount of the assets and liabilities that are not readily apparent from other sources. Those estimates and assumptions are reviewed on an ongoing basis. The effects of the reviews of the accounting estimates are recognized in the period during

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

which they are carried out, if they relate solely to that period, or in the period reviewed and future periods if the review affects both current and future periods. Nevertheless, the uncertainty inherent in the estimates and assumptions may lead to results that necessitate adjusting the carrying values of the assets and liabilities affected in the future.

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

The main judgements as well as the estimates and assumptions regarding future events and other uncertain sources of estimates at the date of preparation of the financial statements that may cause corrections to assets and liabilities are as follows:

Taxation

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities or until the four-year inspection period has elapsed. The Company's directors consider that, according to the best interpretation of tax regulations as at the date of preparation of these financial statements, there are no significant tax contingencies that would result in significant additional liabilities for the Company in the event of a tax inspection.

Impairment of non-current assets

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

Deferred tax assets

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

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

Useful life of property, plant and equipment and intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Provisions

The Company recognizes provisions for risks in accordance with the accounting policy set forth in Note 4. The Company has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

Calculation of fair values, values in use and present values

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

The Company values incentive plans through shares at fair value on the date of the concession. Making such an estimate at that date requires making estimates and judgements on the valuation option models and taking into account the price of the option in the year, the life of the option, the price of the underlying shares, the expected volatility of the share price, an estimate of dividend payments and the risk-free interest rate for the life of the option.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

3. APPROPRIATION OF PROFIT

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

	Amount
Proposed appropriation	
Profit for the year	269,222
TOTAL	**269,222**
Appropriation to:	
Dividends	210,272
Voluntary reserves	58,950
TOTAL	**269,222**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

LIMITATIONS ON THE DISTRIBUTION OF DIVIDENDS

The Company is obliged to transfer 10% of the profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

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

4. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

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

INTANGIBLE ASSETS

Intangible assets are measured at cost of acquisition or production, less accumulated depreciation and any impairment losses. An intangible asset is recognized as such only if it is likely to generate future income for the Company and its cost can be reliably measured.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Computer software

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

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

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

Other intangible assets

The following intangible assets are recognized under this heading:

PROPERTY RIGHTS ON EXTERNAL AUDIOVISUAL PRODUCTION

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

If the contract stipulates the individual value of each product/title, this is taken directly as the asset value.

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

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

Films and TV movies (non-series)

*** Contractual rights for two screenings:**
First screening: 50% of acquisition cost
Second screening: 50% of acquisition cost

*** Contractual rights for three or more screenings:**
First screening: 50% of acquisition cost
Second screening: 30% of acquisition cost
Third screening: 20% of acquisition cost

Other products (series)

*** Contractual rights for two or more screenings:**
First screening: 50% of acquisition cost
Segundo pase: 50 % sobre coste de adquisición.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

IN-HOUSE SERIES PRODUCTION RIGHTS

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

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

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

Amortization is based on the screenings, as follows:

Series of less than 60 minutes and/or broadcast daily

First screening: 100% of the amortized double value

Series of less than 60 minutes and/or broadcast weekly

First screening: 90% of the amortized double value

Second screening: 10% of the amortized double value

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

DISTRIBUTION RIGHTS

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

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

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

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

COPRODUCTION RIGHTS

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

The cost of the right is that stated in the contract. Amortization of distribution rights is recognized on the basis of the revenue generated in each window in which the right is used and estimated revenue from each window.

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

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

MASTER COPIES AND DUBBING

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

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

PATENTS, LICENSES, TRADEMARKS, ET AL.

These items are recognized at acquisition cost and amortized on a straight-line basis over their useful lives, which are generally estimated to be four years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

PROPERTY, PLANT AND EQUIPMENT

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

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

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

When, based on an analysis of the nature and conditions of a lease agreement, all risks and rewards incidental to ownership of the leased item are considered to be substantially transferred to the Company, the agreement is classified as a financial lease. Therefore, the ownership acquired through these financial leases is measured, based on its nature in the PPE, at an amount equivalent to the lower of its fair value and the present value of the minimum payments set forth at the beginning of the lease agreement, minus the accumulated depreciation and any impairment loss. There were no finance lease agreements at year-end 2007 and 2008.

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

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

	RATIO
Buildings	4%
TV equipment	20%
Plant	10-35%
Tools	20%

	RATIO
Automobile-related material	14%
Furniture	10%
Data-processing equipment	25%
Sundry inventoriable materials	20%

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

IMPAIRMENT OF NON-CURRENT NONFINANCIAL ASSETS

At the balance sheet date, the Company regularly reviews the carrying amounts of its non-current assets to determine whether those assets have suffered an impairment loss and to determine if any cash-generating unit may be impaired. If any such indication exists, and, in all events when any intangible asset has a limited useful life, the Company estimates the recoverable value of the asset.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL INSTRUMENTS

Financial assets

A) RECOGNITION AND MEASUREMENT

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

1. Loans and receivables
2. Held-to-maturity investments
3. Financial assets held for trading
4. Other financial assets at fair value through profit or loss
5. Investments in group companies, joint ventures and associates
6. Available-for-sale financial assets

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

A.1) LOANS AND RECEIVABLES

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

A.2) HELD-TO-MATURITY INVESTMENTS

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

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

A.3) FINANCIAL ASSETS HELD FOR TRADING

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

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

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

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

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year-end 2007 and 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

A.4) OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

A.5) INVESTMENTS IN GROUP COMPANIES, JOINT VENTURES AND ASSOCIATES

This category includes equity investments in group companies, joint ventures and associates.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

B) INTEREST AND DIVIDENDS RECEIVED FROM FINANCIAL ASSETS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

C) IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

Investments in Group companies, joint ventures and associates

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Available-for-sale financial assets

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

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

D) DERECOGNITION OF FINANCIAL ASSETS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Financial liabilities

A) RECOGNITION AND MEASUREMENT

The Company classifies its financial liabilities into the following categories:

1. Trade and other payables
2. Financial liabilities held for trading
3. Other financial liabilities at fair value through profit or loss

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

A.1) TRADE AND OTHER PAYABLES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

A.2) FINANCIAL LIABILITIES HELD FOR TRADING:

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

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

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

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

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

After initial recognition, these assets are measured at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year-end 2007 and 2008.

A.3) OTHER FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

After initial recognition, these assets are stated at fair value including any transaction costs relating to their sale. Changes to fair value are recognized in the income statement for the year. The Company maintained no investments of this type at year-end 2007 and 2008.

B) DERECOGNITION OF FINANCIAL LIABILITIES

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

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

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

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

Financial derivatives and hedges

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

TREASURY SHARES

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

INVENTORIES

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

Advances paid for programs are also included,

They are expensed when the related programs are broadcast.

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

CASH AND CASH EQUIVALENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

PROVISIONS AND CONTINGENCIES

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

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

EQUITY-SETTLED TRANSACTIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

TRANSACTIONS IN FOREIGN CURRENCY

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

Monetary items

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

Non-monetary items

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

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

INCOME TAX

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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

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

Timing differences are recognized as deferred tax liabilities if they lower the taxable income and as prepaid tax if they increase the taxable income, provided there is no doubt as to their recovery in future years.

The calculation and settlement of consolidated corporate income tax gives rise to tax receivable or payable with the Group companies.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable income for the year, less any applicable rebates and tax credits, taking into account changes during the year in recorded deferred tax assets and liabilities. Income tax expense for the year is recognized in the income statement, except where it is related to items taken directly to equity, in which case it is also recognized under this heading.

Current tax assets and liabilities are the estimated amounts payable to or receivable from the public administration, according to the tax rates in effect at the balance sheet date, including any other adjustment for taxes corresponding to previous years.

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

Deferred income tax liabilities are recognized for all taxable temporary differences, unless:

- the deferred income 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, affected 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 the temporary differences are not likely to reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carryforwards, to the extent that it is probable that future taxable profit will be available against which the Company may use these assets, except:

- the deferred income tax asset relative to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affected neither the accounting profit nor taxable profit or loss.
- in respect of temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by tax laws in effect and in the manner in which the Company reasonably expects to recover the asset's carrying value or settle the liability. Adjustments to the values of deferred tax assets and liabilities are recognized in the income statement, except to the extent that the affected tax assets or liabilities have been charged or credited to equity directly. Deferred tax assets and liabilities are recognized without taking into account the effect of the financial discount and are classified as non-current assets or non-current liabilities, respectively.

INCOME AND EXPENSES

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

Trade receivables

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

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

Revenue from the sale of goods or the rendering of services is measured at the fair value of the consideration received or receivable

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

Leases

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

BUSINESS COMBINATIONS

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

The cost of the business combination is determined based on the monetary consideration given up, plus any cost directly attributable to the combination, such as fees paid to advisers and other consultants who take part in the operation.

RELATED-PARTY TRANSACTIONS

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

CLASSIFICATION OF CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

ENVIRONMENTAL ISSUES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

5. PROPERTY, PLANT AND EQUIPMENT

The breakdown and movements in property, plant and equipment in 2008 and 2007 were as follows:

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2008	01.01.08	ADDITIONS	DISPOSALS	TRANSFERS	31.12.08
COST					
Land	14.970	-	-	-	14.970
Buildings	31.225	457	-	539	32.221
TV equipment, plant and tools	83.872	2.737	(3.575)	1.700	84.734
Furnitures and fixtures	4.616	210	(628)	6	4.204
Data-processing equipment	13.316	742	(2.401)	1.904	13.561
Other PP&E	985	67	(349)	-	703
Property, plant and equipment under construction	4.077	370	(14)	(4.285)	148
TOTAL	**153.061**	**4.583**	**(6.967)**	**(136)**	**150.541**
ACCUMULATED DEPRECIATION					
Buildings	(14.907)	(1.275)	-	-	(16.182)
TV equipment, plant and tools	(70.018)	(4.488)	3.563	-	(70.943)
Furniture and fixtures	(2.980)	(334)	598	-	(2.716)
Data-processing equipment	(11.189)	(1.189)	2.399	-	(9.979)
Other PP&E	(934)	(28)	347	-	(615)
TOTAL	**(100.028)**	**(7.314)**	**6.907**	**-**	**(100.435)**
NET CARRYING AMOUNT	**53.033**	**(2.731)**	**(60)**	**(136)**	**50.106**

2007	01.01.07	ADDITIONS	DISPOSALS	TRANSFERS	31.12.07
COST					
Land	14.892	-	-	77	14.969
Buildings	28.586	44	-	2.595	31.225
TV equipment, plant and tools	83.405	2.185	(3.154)	1.436	83.872
Furniture and fixtures	4.267	367	(18)	-	4.616
Data-processing equipment	13.657	1.163	(1.504)	-	13.316
Other PP&E	1.058	3	(76)	-	985
Property, plant and equipment under construction	4.487	3.701	(2)	(4.108)	4.078
TOTAL	**150.352**	**7.463**	**(4.754)**	**-**	**153.061**
ACCUMULATED DEPRECIATION					
Buildings	(13.724)	(1.183)	-	-	(14.907)
Furniture and fixtures	(2.658)	(333)	11	-	(2.980)
TV equipment, plant and tools	(68.315)	(4.853)	3.150	-	(70.018)
Data-processing equipment	(11.829)	(839)	1.479	-	(11.189)
Other PP&E	(975)	(31)	72	-	(934)
TOTAL	**(97.501)**	**(7.239)**	**4.712**	**-**	**(100.028)**
NET CARRYING AMOUNT	**52.851**	**224**	**(42)**	**-**	**53.033**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Increases in 2008 and 2007 relate primarily to the purchase of plant for the ongoing development of the business. Decreases in 2008 in 2007 relate primarily to idle and fully depreciated assets that the Company has eliminated from its balance sheet.

At 31 December 2008 and 2007, the amounts of fully depreciated assets still in use are as follows:

	2008	2007
Data-processing equipment	7,948	9,268
TV equipment, plant and tools	56,587	54,157
Other PP&E	5	98
Furniture and fixtures	1,492	1,956
TOTAL	**66,032**	**65,479**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

6. INTANGIBLE ASSETS

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The breakdown and movements in intangible assets in 2008 and 2007 are as follows:

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2008	01.01.08	ADDITIONS	DISPOSALS	TRANSFERS	31.12.08
COST					
Trademarks and trade names	13,072	300	-	-	13,372
Audiovisual property rights	351,813	40,523	(72,092)	6,122	326,366
Master copies and Customs	22	1	(5)	-	18
Dubbing and other work	6,433	362	(121)	-	6,674
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	733,098	97,191	-	5,451	835,740
Distribution rights	11,980	-	-	(1,583)	10,397
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scrips, development	-	-	-	-	-
Start-up expenses	61	-	-	-	61
Prepayments, audiovisual property rights	8,551	3,743	(207)	(4,539)	7,548
Prepayments, fiction series rights	4,222	4,446	(682)	(5,451)	2,535
Prepayments, distribution rights	-	-	-	-	-
Prepayments, Coproduction Rights	-	-	-	-	-
Computer software in progress	515	172	(3)	(621)	63
Software	12,278	921	(933)	757	13,023
TOTAL	**1,149,296**	**147,659**	**(74,043)**	**136**	**1,223,048**
ACCUMULATED DEPRECIATION					
Trademarks and trade names	(13,072)	(25)	-	-	(13,097)
Audiovisual property rights	(226,265)	(60,465)	71,628	-	(215,102)
Master copies and Customs	(18)	(3)	5	-	(16)
Dubbing and other work	(5,627)	(446)	120	-	(5,953)
Coproduction rights	(6,617)	(72)	-	-	(6,689)
Fiction series rights	(707,980)	(103,033)	-	-	(811,013)
Distribution rights	(10,139)	(258)	-	-	(10,397)
Other auxiliary services (distribution)	(483)	(56)	-	-	(539)
Start-up expenses	(55)	(6)	-	-	(61)
Software	(9,928)	(1,544)	929	-	(10,543)
TOTAL DEPRECIATION	**(980,184)**	**(165,908)**	**72,682**	**-**	**(1,073,410)**
IMPAIRMENT LOSSES	**(26,894)**	**(16,599)**	**23,287**	**-**	**(20,206)**
TOTAL	**(1,007,078)**	**(182,507)**	**95,969**	**-**	**(1,093,616)**
NET CARRYING AMOUNT	**142,218**				**129,432**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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2007	01.01.07	ADDITIONS	DISPOSALS	TRANSFERS	31.12.07
COST					
Trademarks and trade names	13,072	-	-	-	13,072
Audiovisual property rights	351,701	49,371	(58,622)	9,363	351,813
Master copies and Customs	26	1	(5)	-	22
Dubbing and other work	6,487	380	(434)	-	6,433
Coproduction rights	6,712	-	-	-	6,712
Fiction series rights	634,385	92,166	-	6,547	733,098
Distribution rights	11,369	-	(754)	1,365	11,980
Other auxiliary services (distribution)	539	-	-	-	539
Rights: options, scrips, development	-	-	-	-	-
Start-up expenses	61	-	-	-	61
Prepayments, audiovisual property rights	16,252	1,600	(1,506)	(7,795)	8,551
Prepayments, fiction series rights	3,482	7,287	-	(6,547)	4,222
Prepayments, distribution rights	2,933	-	-	(2,933)	-
Prepayments, Coproduction Rights	-	-	-	-	-
Computer software in progress	255	511	-	(251)	515
Software	10,932	1,388	(293)	251	12,278
TOTAL	**1,058,206**	**152,704**	**(61,614)**	**-**	**1,149,296**
ACCUMULATED DEPRECIATION					
Trademarks and trade names	(13,072)	-	-	-	(13,072)
Audiovisual property rights	(212,766)	(70,893)	57,550	(156)	(226,265)
Master copies and Customs	(20)	(3)	5	-	(18)
Dubbing and other work	(5,505)	(553)	434	(3)	(5,627)
Coproduction rights	(6,238)	(379)	-	-	(6,617)
Fiction series rights	(617,201)	(90,779)	-	-	(707,980)
Distribution rights	(9,200)	(1,693)	754	-	(10,139)
Other auxiliary services (distribution)	(470)	(13)	-	-	(483)
Start-up expenses	(54)	(1)	-	-	(55)
Software	(9,265)	(956)	293	-	(9,928)
TOTAL DEPRECIATION	**(873,791)**	**(165,270)**	**59,036**	**(159)**	**(980,184)**
IMPAIRMENT LOSSES	**(21,786)**	**(21,288)**	**16,180**	**-**	**(26,894)**
TOTAL	**(895,577)**	**(186,558)**	**75,216**	**159**	**(1,007,078)**
NET CARRYING AMOUNT	**162,629**				**142,218**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Outstanding provisions at year-end 2008 and 2007 correspond to the net carrying amount of rights which, while expiring later than 31 December 2008 and 2007, did not feature in the channel's future broadcasting plans at the time of these financial statements were prepared.

The Company estimates that 35% to 40%% of the total amount of audiovisual rights classified as non-current assets on the consolidated balance sheet at 31 December 2007 will be used within 12 months from year-end (between 40% and 45% was estimated at 31 December 2007). This percentage is the best estimate available at this time, based on the programming budget for the coming year.

At year-end 2008, there were firm commitments to acquire audiovisual property rights available starting 1 January 2009 for a total amount of US$33,709 thousand and €65,908 thousand. At 31 December 2008, prepayments of US$670 thousand and €7,066 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At year-end 2007, there were firm commitments to acquire audiovisual property rights available from 1 January 2008 for a total of US$74,838 thousand and €71,464 thousand. At

31 December 2007, prepayments of US$643 thousand and €8,057 thousand had been made in connection with said firm commitments to acquire audiovisual property rights.

At 31 December 2008 and 2007, the amounts of fully depreciated assets still in use are as follows:

	2008	2007
Software	8,078	8,107

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7. INVESTMENT IN GROUP COMPANIES AND ASSOCIATES

The breakdown and movements in non-current investments in Group companies and associates in 2008 and 2007 are as follows:

2008	1.01.08	ADDITIONS	DISPOSALS	TRANSFERS	31.12.08
COST					
Equity instruments	274,748	23,116	-	-	297,864
Impairment losses	(28,315)	(141,341)	1,169	-	(168.487)
Total equity instruments	**246,433**	**(118,225)**	**1,169**	**-**	**129,377**
Receivables from group companies (Note 8)	181,008	35,621	-	-	216,629
Impairment losses	(521)	(11,883)	-	-	(12,404)
Total group companies	**180,487**	**23,738**	**-**	**-**	**204,225**
	426,920	**(94,487)**	**1,169**	**-**	**333,602**

2007	1.01.07	ADDITIONS	DISPOSALS	TRANSFERS	31.12.07
COST					
Equity instruments	91,687	183,061	-	-	274,748
Impairment losses	(13,778)	(15,721)	1,184	-	(28,315)
Total equity instruments	**77,909**	**167,340**	**1,184**	**-**	**246,433**
Receivables from group companies (Note 8)	-	181,008	-	-	181,008
Impairment losses	-	(521)	-	-	(521)
Total group companies	**-**	**180,487**	**-**	**-**	**180,487**
	77,909	**347,827**	**1,184**	**-**	**426,920**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7.1 DESCRIPTION OF INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

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

COMPANY	31.12.08 Direct equity interest (%)	31.12.07 Direct equity interest (%)	ACTIVITY
GROUP COMPANIES AND ASSOCIATES:			
Publiespaña, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exclusive advertising concessionaire, Telecinco
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	News agency and producer of broadcast news
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4, 28016 Madrid	50	50	Film and video distribution
Grupo Editorial Tele5, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Exploitation of rights; production and distribution of publications
Telecinco Cinema, S.A.U. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	100	100	Television broadcasting services and intermediation in the markets for audiovisual rights
Cinematext Media, S.A. Ctra. de Fuencarral a Alcobendas, 4, 28049 Madrid	60	60	Movie-, television- and video-subtitling
Canal Factoría de Ficción, S.A.U. Ctra. De Fuencarral a Alcobendas, Km. 12,450, 28049 Madrid	100	40	Exploitation and distribution of audiovisual products
Conecta 5 Telecinco, S.A.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	100	Exploitation of audiovisual content on the Internet
Mediacinco Cartera, S.L. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	75	75	Financial management and intermediation services
Telecinco Factoría de Producción, S.L.U. Ctra. De Fuencarral a Alcobendas, 4 28049 Madrid	100	-	Production, distribution and exploitation of audiovisual rights; exploitation of industrial and intellectual property rights. Management and financial intermediation of audiovisual companies
Pegaso Televisión, Inc. Brickell Avenue, 1401 - Suite 33131 - Miami, Florida	35,08	-	Television stations and production of television content

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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INFORMATION ON THE YEAR ENDED 12,31,08

COMPANY	Net carrying value at 12.31.08	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed during the year
Publiespaña, S.A,U,	72,708	100	601	(32,654)	73,510	41,457	84,333	133,577
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A,U,	1,836	100	901	567	3,496	4,964	3,180	6,939
Premiere Megaplex, S.A, (*)	23	50	131	(96)	12	47	(5)	-
Grupo Editorial Tele 5, S.A,U (*)	120	100	120	(601)	3,622	3,141	4,965	3,777
Telecinco Cinema,S.A,U,	-	100	160	(608)	(11,956)	(12,404)	(16,724)	-
Cinematext Media, S.A, (*)	1,370	60	150	1,134	482	1,766	539	-
Canal Factoría de Ficción, S.A,U, (*)	467	100	300	29	256	585	343	-
Conecta 5 Telecinco, S.A,U,	564	100	62	(1,387)	1,889	564	1,587	-
Mediacinco Cartera, S.L,	39,945	75	240,000	(12,533)	(174,207)	53,260	(474)	-
Telecinco Factoría de Producción, S.L,	3	100	3	-	(1)	2	(1)	-
Pegaso Televisión Inc,	12,341	35	355	41,435	(14,187)	27,603		-
	129,377							

The information for Pegaso Televisión Inc, was calculated based on an exchange rate of 1 euro = 1,3917 dollars, in effect on 31 December 2008

INFORMATION ON THE YEAR ENDED 12,31,07

COMPANY	Net carrying value at 12.31.07	Percentage ownership	Share capital	Reserves	Profit (loss) for the year	Total capital and reserves	Operating profit (loss)	Dividends distributed in 2007
Publiespaña, S.A,U,	71,627	100	601	22,996	77,864	101,461	99,776	44,225
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A,U,	1,727	100	901	1,372	6,026	8,299	6,950	2,984
Premiere Megaplex, S.A, (*)	18	50	131	(103)	7	35	2	-
Grupo Editorial Tele 5, S.A,U (*)	120	100	120	(477)	3,653	3,296	5,236	3,371
Telecinco Cinema,S.A,U,	294	100	160	5,221	(5,926)	(545)	(9,816)	3,996
Cinematext Media, S.A, (*)	771	60	150	885	250	1,285	356	-
Canal Factoría de Ficción, S.A,U, (*)	120	40	300	(48)	77	329	64	-
Conecta 5 Telecinco, S.A,U,	-	100	62	(1,179)	(208)	(1,325)	(191)	-
Mediacinco Cartera, S.L,	171,756	75	240,000	(1,711)	(10,822)	227,467	(1,207)	-
	246,433							

(*) Unaudited,

(*) Unaudited data

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

A breakdown of the loans extended to the group companies at 31 December 2008 and 31 December 2007 are as follows:

	THOUSANDS OF EUROS	
	2008	**2007**
Mediacinco Cartera, S.A.	186,720	176,098
Telecinco Cinema. S.A.U.	16,095	2,979
Conecta 5 Telecinco, S.A.	1,410	1,410
TOTAL	**204,225**	**180,487**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7.2 SIGNIFICANT MOVEMENTS

7.2.1 EQUITY INSTRUMENTS

a) MAIN CHANGES IN THE YEAR ENDING 31 DECEMBER 2008

Acquisition of Pegaso Televisión INC

On 19 February 2008, the Company acquired 35.08% of the share capital of Pegaso Televisión INC., which in turn owns 83.34% of the share capital of CaribeVisión TV Network LLC. and 25% of CaribeVisión Holdings, Inc. The Company also has a call option over the latter, enabling it to acquire up to 83.34% of its share capital.

The acquisition price of the shares was $31.7 million, which entailed a payment, at the exchange rate in effect on the transaction date, of €21,480 thousand.

The primary objective of CaribeVision, a recently created television channel that currently operates in New York, Miami and Puerto Rico, is to cover the television market of Spanish-speaking residents on the East Coast of the United States.

Acquisition of an additional ownership interest in Canal Factoría de Ficción, S.A.U.

The sequence of events that took place at Canal Factoría de Ficción, S.A.U. in 2008 is as follows:

- On 25 July 2008, the Company became the owner of all of Canal Factoría's share capital, through the acquisition of the portion of that share capital held by other shareholders, for €347 thousand.
- On 28 July 2008, the company was reactivated, thereby nullifying the 20 December 2007 dissolution agreement and allowing the company to resume its activity. In addition, the company's registered office was changed to the Carretera de Fuencarral to Alcobendas, No. 4 28049, Madrid (registered at the Mercantile Registry on 28 September 2008).
- On 28 July 2008, the company was declared a single-shareholder entity (registration at the Mercantile Registry on 25 September 2008).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Other changes in the year ending 31 December 2008

On 1 July 2008, the company Telecinco Factoría de Producción, S.L.U, 100%-owned by Gestevisión Telecinco, S.A., whose registered office is located at the Carretera de Fuencarral to Alcobendas, No. 4, 28049, Madrid, was incorporated at the Mercantile Registry.

On 31 December 2008, the sole shareholder decided to change the company's corporate name to Big Bang Media, S.L. The registered office was also changed to C/ Almagro 3, 4º izquierda, Madrid. In addition, the share capital was increased, such that Gestevisión Telecinco, S.A., partially renounced the exercise of its preemptive right, and its interest in the company was reduced to 30%. The date of execution of these agreements was 2009.

b) MAIN CHANGES IN THE YEAR ENDING 31 DECEMBER 2007

Incorporation of Mediacinco Cartera, S.L.

In April 2007, Sociedad Mediacinco Cartera, S.L. was incorporated. The Company has a 75% interest in it, and Mediaset, the parent company of Gestevisión Telecinco S.A, has a 25% interest. The total amount paid for the corporation was €180,000 thousand.

This company owns one-third of the share capital of Edam Acquisition BV (the name of which was later changed to Edam Acquisition Holding Cooperative UA), which, in 2007, acquired Endemol NV for a total of €3,436 million, of which Mediacinco Cartera, S.L. (on a par with the remaining investors) paid €466 million.

Acquisition of the remaining interest in Conecta 5 Telecinco, S.A.U.

In March 2007, the company acquired the remaining 50% interest in Conecta 5 Telecinco, S.A.U. for €1,340 thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7.2.2. RECEIVABLES FROM GROUP COMPANIES

Loan to Mediacinco Cartera, S.L.

In 2007, a €225,000 thousand loan was granted to Mediacinco Cartera, S.L. The maturity of the entire loan is 30 June 2012, and its interest rate is 3-month Euribor plus a 1-point spread. The drawn balance at 31 December 2008 is: €186,720 thousand. At 31 December 2007, the balance was €176,098 thousand. The terms of this loan are symmetrical to those of the loan granted by the other shareholder of Mediacinco Cartera, S.L. (Mediaset Investment, SRL).

Participating loan granted to Telecinco Cinema

In 2007, a €3,500 thousand participating loan was granted to Telecinco Cinema, S.A.U. The purpose of the loan was to restore the Company's net-worth equilibrium. In 2008, the Company granted an additional participating loan, for €25,000 thousand. The purpose of this participating loan was also to restore at the Company' net-worth equilibrium. Because of the net-equity position of Telecinco Cinema, S.A.U., an additional €11,883 thousand has been recorded, related to the participating loan, as a consequence of the negative capital and reserves of Telecinco cinema, S.A.U., on 31 December 2008. In 2007, a provision of €521,000 was establis-hed. This loan will mature when the Company restores the net-worth equilibrium, which is not expected to occur before 31 December 2009.

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

In 2007, a €1,410 thousand participating loan was granted to Conecta 5 Telecinco, S.A.U. The purpose of the loan was to restore the Company's net-worth equilibrium this loan will mature when the Company restores the net-worth equilibrium, which is not expected to occur before 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7.3. IMPAIRMENT TESTING

The Company has examined the possible impairment of its equity investments at year-and 2008 and 2007, and it has no need to recognize any impairment provision, except in the case of three of these investments, as indicated below:

Telecinco Cinema, S.A.U.

This subsidiary is engaged in cinematographic coproductions in compliance with the legal precepts that apply to television concessionaires. Therefore, it is not possible to obtain reliably evaluate the amount recoverable either by calculating the present value of the future cash flows from the investment or by estimating dividends to be received, which depend on the number of productions made in the future, on the type of production, and on their commercial success. For this reason, the Company has adjusted the valuation in accordance with the equity of the subsidiary as at year-and 2008 and 2007. Given that the value of the capital and reserves of Telecinco Cinema, S.A.U. was negative at 31 December 2008, the participation loan granted to Telecinco Cinema, S.A.U. has been replenished with the amount of the Company's negative capital and reserves.

Mediacinco Cartera, S.L.

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

During the year, the Company has provisioned for its equity loss corresponding to its interest in Mediacinco Cartera, S.L., in order to adjust its interest to the Company's underlying carrying amount. Much of the loss stems from the impairment during the year of the value of the cash-generating units of which Grupo Endemol is composed, determined based on an impairment test that compares its carrying value at 31 December with its realizable value.Indeed, the impairment test reflected in Edam Acquisition Holding Cooperative's accounts at 31 December 2008 regarding the cash-generating units operationally identified in the Group was practiced on the basis of the 2009/2013 Business Plan approved by the Company's Board of Directors. The discount rates and growth parameters were applied in line with market circumstances, and have been validated by Endemol's auditors. The test had a before-tax negative impact of €123 million on the accounts of Mediacinco Cartera, S.L.

Once the impairment of Mediacinco Cartera, S.L. stemming from its interest in Grupo Endemol was recognized in its financial statements, the Company's interest in Mediacinco Cartera, S.L. was adjusted in accordance with its underlying carrying amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Pegaso Televisión Inc.

As noted above, in 2008 the Company acquired an interest in Pegaso Televisión Inc. At year-end, the recoverable amount was determined through the present value of future cash flows stemming from the investment, and calculated on the basis of CaribeVision Holding's business plan approved by its Board of Directors on 16 February 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

8. FINANCIAL INSTRUMENTS

8.1 FINANCIAL ASSETS

The breakdown of financial assets in 2008 and 2007 was as follows:

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	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, DERIVATIVES AND OTHER FINANCIAL ASSETS		TOTAL	
(Thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007
NON-CURRENT FINANCIAL ASSETS								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	205,311	180,946	205,311	180,946
Available-for-sale financial assets	-	-	-	-	-	-	-	-
Measured at fair value	-	-	-	-	-	-	-	-
Measured at cost	10,995	11,046	-	-	-	-	10,995	11,046
Hedging derivatives	-	-	-	-	-	-	-	-
TOTAL	**10,995**	**11,046**	**-**	**-**	**205,311**	**180,946**	**216,306**	**191,992**
CURRENT FINANCIAL ASSETS								
Assets at fair value through profit or loss								
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-	-	-	-
Loans and receivables	-	-	-	-	367,462	308,310	367,462	308,310
Available-for-sale financial assets	-	-	-	-	-	-	-	-
Measured at fair value	-	6,976	-	-	-	-	-	6,976
Measured at cost	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	262	-	262	-
TOTAL	**-**	**6,976**	**-**	**-**	**367,724**	**308,310**	**367,724**	**315,286**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

These amounts are disclosed in the balance sheet as follows:

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	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, DERIVATIVES AND OTHER FINANCIAL ASSETS		Total	
(Thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007
NON-CURRENT FINANCIAL ASSETS								
Investments in group companies and associates								
Loans to companies	-	-	-	-	204,225	180,487	204,225	180,487
Non-current financial investments	-	-	-	-	12,081	11,505	12,081	11,505
TOTAL	-	-	-	-	216,306	191,992	216,306	191,992
CURRENT FINANCIAL ASSETS								
Trade and other receivables (Note 10)	-	-	-	-	244,768	204,611	244,768	204,611
Loans to Group companies	-	-	-	-	120,814	103,326	120,814	103,326
Financial investments	-	6,976	-	-	2,142	373	2,142	7,349
TOTAL	-	6,976	-	-	367,724	308,310	367,724	315,286

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

a) AVAILABLE-FOR-SALE FINANCIAL ASSETS

		THOUSANDS OF EUROS
	2008	2007
CURRENT FINANCIAL ASSETS		
Equity instruments		
Mutual funds	-	6,976

Equity instruments

Equity instruments includes a mutual fund acquired in 2007. The fair value of mutual funds is their net asset value. In 2008, the mutual fund was sold, generating €87 thousand in income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

b) LOANS AND RECEIVABLES

		THOUSANDS OF EUROS
	2008	**2007**
Non-current financial instruments		
Loans to Group companies (note 18)	204,225	180,487
Loans to third parties	922	321
Deposits given and prepayments	164	138
TOTAL	**205,311**	**180,946**
Current financial assets		
Trade and other receivables (note 10)	244,768	204,611
Loans to Group companies (note 18)	120,814	103,326
Loans to third parties	1,572	60
Derivates (note 8.d)	262	-
Deposits given and prepayments	308	313
TOTAL	**367,724**	**308,310**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Current receivables from Group companies

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

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

c) Available-for-sale financial assets

The amount and the movements in the year in the items of which non-current Financial Investments are composed were as follows:

	Balance 31.12.07	Additions	Disposals	Balance 31.12.08
Equity instruments	11,676	-	25	11,651
Impairment losses	(179)	(26)	-	(205)
Uncalled share capital	(451)	-	-	(451)
TOTAL EQUITY INSTRUMENTS	**11,046**	**(26)**	**25**	**10,995**

	Balance 31.12.06	Additions	Disposals	Balance 31.12.07
Equity instruments	11,676	-	-	11,676
Impairment losses	(628)	(24)	473	(179)
Uncalled share capital	(451)	-	-	(451)
TOTAL EQUITY INSTRUMENTS	**10,597**	**(24)**	**473**	**11,046**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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The information relating to these investments is as follows:

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COMPANY	NET CARRYING VALUE AT 12.31.08	PERCENTAGE OWNERSHIP	SHARE CAPITAL	RESERVES	PROFIT (LOSS) FOR THE YEAR	TOTAL CAPITAL AND RESERVES	OPERATING PROFIT (LOSS)	DIVIDENDS DISTRIBUTED DURING THE YEAR
Kulteperalia, S.L. (*)	1,475	15	8,177	(611)	8	7,574	905	-
Alba Adriática, S.L. (*)	9,500	15	76	447	3	526	455	-
Other	20							
	10,975							

COMPANY	NET CARRYING VALUE AT 12.31.07	PERCENTAGE OWNERSHIP	SHARE CAPITAL	RESERVES	PROFIT (LOSS) FOR THE YEAR	TOTAL CAPITAL AND RESERVES	OPERATING PROFIT (LOSS)	DIVIDENDS DISTRIBUTED IN 2007
Kulteperalia, S.L. (*)	1,475	15	8,177	(2,041)	58	6,194	585	-
Alba Adriática, S.L. (*)	9,500	15	76	(67)	629	638	1,220	-
Other	71							
	10,975							

(*) Unaudited.

(*) Unaudited data

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

d) DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivatives financial instruments to hedge its risks against foreign-currency fluctuations on the purchase of audio-visual property rights made in the year. It also hedges against foreign currency risk on commercial transactions with customers, and these transactions were recognized in the Company's consolidated balance sheet.

ASSETS	Notional value/Maturity	USD Amount		Fair value
		Dollars	Year-end rate (€/$)	
Unmatured foreign-currency purchases:				
Purchases of dollars against euros	3,053	4,598	1.506	262
Sales of dollars against euros	-	-	-	-
NET BALANCE	**3,053**	**4,598**	**1.506**	**262**

The notional amounts of the financial derivatives outstanding at the Company at 31 December 2007 are as follows:

ASSETS	Notional value/Maturity	Importe en USD		Fair value
		Dollars	Year-end rate (€/$)	
Unmatured foreign-currency purchases:				
Purchases of dollars against euros	5,204	6,984	1.342	455
Sales of dollars against euros	(717)	(966)	(1.347)	(60)
NET BALANCE	**4,487**	**6,018**		**395**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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8.2 FINANCIAL LIABILITIES

The breakdown of financial liabilities in 2008 and 2007 was as follows:

	BANK BORROWINGS		BONDS & OTHER MRKTBLE DEBT SECURITIES		DERIVATIVES AND OTHER FINANCIAL LIABILITIES		Total	
(Thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007
NON-CURRENT FINANCIAL LIABILITIES								
Trade and other payables	-	-	-	-	1,028	1,721	1,028	1,721
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-
	-	-	-	-	1,028	1,721	1,028	1,721
CURRENT FINANCIAL LIABILITIES								
Trade and other payables	-	-	-	-	421,878	388,002	421,878	388,002
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
Held for trading	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Hedging derivatives	-	-	-	-	-	395	-	(395)
	-	-	-	-	421,878	388,397	421,878	367,607
TOTAL	-	-	-	-	422,906	390,118	422,906	389,328

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The breakdown of financial liabilities in 2008 and 2007 was as follows:

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	BANK BORROWINGS		BONDS & OTHER MRKTBLE. DEBT SECURITIES		DERIVATIVES AND OTHER FINANCIAL LIABILITIES		TOTAL	
(Thousands of euros)	2008	2007	2008	2007	2008	2007	2008	2007
NON-CURRENT FINANCIAL LIABILITIES								
Borrowings	-	-	-	-	1,028	1,721	1,028	1,721
	-	-	-	-	1,028	1,721	1,028	1,721
CURRENT FINANCIAL LIABILITIES								
Borrowings	-	-	-	-	23,455	27,186	23,455	27,186
Borrowings from group companies and associates	-	-	-	-	257,161	200,486	257,161	200,486
Trade and other payables	-	-	-	-	141,262	160,725	141,262	160,725
	-	-	-	-	421,878	388,397	421,878	388,397
TOTAL	-	-	-	-	422,906	390,118	422,906	390,118

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

a) BANK BORROWINGS

At 31 December 2008 and 2007, the Company had no bank borrowings. In 2008, borrowing facilities were signed with various financial institutions at EURIBOR plus a spread of between 15 and 100 basis points, bringing the credit limit available to the Company to €173,000 thousand.

In 2009, before these financial statements were prepared, the existing borrowing facilities were rolled over and increased to a total of €228,000 thousand, at competitive interest rates, in light of the market situation.

b) BORROWINGS FROM GROUP COMPANIES

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

c) CURRENT BORROWINGS

The breakdown at 31 December 2008 and 2007 is as follows:

	Balance 31.12.08	Balance 31.12.07
Other financial liabilities	23,455	26,791
Derivatives	-	395
TOTAL	**23,455**	**27,186**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

d) OTHER NON-CURRENT FINANCIAL LIABILITIES

"Other non-current financial liabilities" in 2008 was composed primarily of:

- Refundable advances totaling €456,000 granted by the Ministry of Science and Technology in 2004, under the following terms and conditions:

    7-year maturity

    2-year grace period

    Interest rate: 0%

- An interest-free preferential loan for €564,000 thousand, granted by the Center for Industrial Technology Development (CDTI) in 2006 under the following terms and conditions:

    6-year maturity

    2-year grace period

    Interest rate: 0%

"Other non-current financial liabilities" in 2007 was composed primarily of:

- Refundable advances totaling €1,007 thousand granted by the Ministry of Science and Technology in 2002 (€369 thousand) in 2004 (€638 thousand), under the following terms and conditions:

    7-year maturity

    2-year grace period

    Interest rate: 0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

- An interest-free preferential loan for €705,000 thousand, granted by the Center for Industrial Technology Development (CDTI) in 2006 under the following terms and conditions:
  - 6-year maturity
  - 2-year grace period
  - Interest rate: 0%

There are no significant differences between the fair values and the net carrying amounts of financial assets and liabilities at 31 December 2008 and 2007.

RISK MANAGEMENT POLICY

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

1. CREDIT RISK

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

The Company's maximum exposure to credit risk at 31 December 2008 was as follows:

	THOUSANDS OF EUROS
Non-current receivables from Group companies and associates	204,225
Non-current financial investments	1,086
Trade and other receivables	244,768
Current receivables from Group companies and associates	120,814
Current investments	2,142
Cash and cash equivalents	24,056
TOTAL	**597,073**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

Operating activities

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

The breakdown of trade receivables at 31 December 2008 was as follows:

	NUMBER OF CUSTOMERS	THOUSANDS OF EUROS
With a balance of more than 1,000 thousand euros	5	193.054
With a balance between 1,000 thousand euros and 500 thousand euros	5	3.938
With a balance between 500 thousand euros and 200 thousand euros	7	2.459
With a balance between 200 thousand euros and 100 thousand euros	7	1.010
With a balance of less than 100 thousand euros	84	1.085
TOTAL	**108**	**201,546**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Investing activities

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

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

2. MARKET RISK

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

	Reference Rate (Eur)	Cash Surpluses	Annual Interest	100bp	Annual Interest	-100bp	Annual Interest
31-12-08	2.603	24,056	626	3.603	867	1.603	386
31-12-07	4.288	47,096	2,019	5.288	2,490	3.288	1,549

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

The exposed balance sheet value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (8.40% for 2007 and 19.5% for 2008), 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 P&L account, that, in any event, is not significant.

31.12.08			31.12.07		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
4,598	1.3917	262	6,984	1.4721	(455)
Sensitivity Test					
4,598	1.1203	1,058	6,984	1.3484	(24)
4,598	1.6631	(274)	6,984	1.5958	(819)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

3. 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 Company having insufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Company's objective is to maintain sufficient available funds.

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

- Excess liquidity may only be invested in certain types of assets (see previous section on credit risk/investment activities) the liquidity of which is guaranteed.
- The amount of the Company's revolving credit lines ensures that the Company is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2008, the opening credit lines total €173,000 thousand. As of the date of preparation of these annual accounts, this amount had increased to €228,000 thousand. Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthens the financial sector's perception that the Company is creditworthy and sound.

The undiscounted contractual maturity dates of financial liabilities at 31 December 2008 were as follows:

	EUROS				
	Up to 6 months	6 month - 1 year	Between 1 and 5 years	More than 5 años	Total
Non-current borrowings			1,020	8	1,028
Current borrowings	23,455				23,455
Current borrowings from Group companies and associates	19,926	237,235			257,161
Trade and other payables	126,938	14,324			141,262
TOTAL	**170,319**	**251,559**	**1,020**	**8**	**422,906**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

9. INVENTORIES

The balances under this heading at year-and were as follows:

	2008	2007
Prepayments to program suppliers	165	221
In-house production programs	7,025	3,204
TOTAL	**7,190**	**3,425**

10. TRADE AND OTHER RECEIVABLES

The breakdown of trade and receivables in 2008 and 2007 was as follows:

	31.12.08	31.12.07
Trade receivables	16,202	15,524
Receivables from Group companies and associates (Note 18)	185,344	187,573
Other receivables	5	5
Receivables from employees	54	82
Receivables from Public Bodies (Note 14)	43,163	1,427
TOTAL	**244,768**	**204,611**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Impairment losses:

The balance of trade receivables is shown net of impairment loss allowances. The variations in 2008 and 2007 in these impairment losses were as follows:

	THOUSANDS OF EUROS
Cumulative impairment losses at 1 January 2007	3,712
Net of provisions	(1,052)
Cumulative impairment losses at 31 December 2007	**2,660**
Cumulative impairment losses at 1 January 2008	2,660
Net of provisions	473
Cumulative impairment losses at 31 December 2008	**3,133**

The breakdown of trade receivables denominated in foreign currency, for 2007 and 2008, is as follows:

	2008		2007	
ASSETS	Dollars	Balance in euros at 12/31/08	Dollars	Balance in euros at 12/31/07
Trade receivables	6	4	1.119	842

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

11. CASH AND CASH EQUIVALENTS

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

	THOUSANDS OF EUROS	
	2008	**2007**
Cash	11	41
Current accounts	24,045	47,055
TOTAL	**24,056**	**47,096**

Current accounts earn market interest rates.

12. CAPITAL AND RESERVES

a) ISSUED CAPITAL

At 31 December 2008 and 2007, the share capital social consisted of 246,641,856 shares with a value of 0.50 euros each, represented by a book-entry system. Share capital is fully subscribed and paid-up and the breakdown of ownership is as follows:

SHAREHOLDER	31.12.08	31.12.07
Mediaset Investimenti, S.p.A.	50.1	50.1
Corporación de Nuevos Medios Audiovisuales, S.L.U. (Grupo Vocento)	5.1	13.0
Free float	43.6	35.7
Treasury shares	1.2	1.2
TOTAL	**100**	**100**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

Share transfers will be governed by the Private Television Act dated 3 May.

Listing on the Stock Exchange:

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

Dividends

On 9 April 2008, approval was given at the Company's General Shareholders' Meeting to pay out €317,562 thousand in dividends charged to 2007 earnings. This dividend was paid in May 2008 and was equivalent to €1.30 per eligible share.

On 11 April 2007, approval was given at the Company's General Shareholders' Meeting to pay out €314,249 thousand in dividends charged to 2006 earnings. This dividend was paid in May 2007 and was equivalent to €1.28 per eligible share.

b) LEGAL RESERVE

The companies are required to transfer 10% of each year's profit to a legal reserve until this reserve reaches an amount at least equal to 20% of share capital. This reserve cannot be distributed to shareholders, and may only be used to cover income statement balances payable, if no other reserves are available. For this purpose, in the distribution of 2004 profit, the amount necessary for the legal reserve to reach 20% of share capital was set aside for this purpose.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

c) TREASURY SHARES AND EQUITY INVESTMENTS:

In general, treasury shares have been acquired to meet the Company's commitments related to the compensation system, based on shares of executive directors and directors, as described in Note 16.

Changes under this heading in 2008 were as follows:

	THOUSANDS OF EUROS			
	Balance 31.12.07	**Additions**	**Disposals**	**Balance 31.12.08**
Treasury shares	56,469	1,701	(357)	57,813

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

	NUMBER OF SHARES			
	31.12.07	**Additions**	**Disposals**	**31.12.08**
Treasury shares	3,014,813	111,253	19,153	3,106,913

Changes under this heading in 2007 were as follows:

	THOUSANDS OF EUROS			
	Balance 31.12.06	**Additions**	**Disposals**	**Balance 31.12.07**
Treasury shares	25,838	30,825	(194)	56,469

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The change in the number of shares in 2007 is detailed below:

	NUMBER OF SHARES			
	31.12.06	**Additions**	**Disposals**	**31.12.07**
Treasury shares	1,411,540	1,613,867	(10,594)	3,014,813

Since year-end, under the authorization of the General Shareholders' Meeting, the Company acquired 445,374 treasury shares for a total amount of €2,923 thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

13. PROVISIONS AND OTHER CONTINGENT LIABILITIES

Current and Non-Current Provisions

The breakdown and movements in provisions in 2008 and 2007 are as follows:

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2008

(THOUSANDS OF EUROS)	BALANCE AT JANUARY 1	ALLOWANCES	REVERSALS/APPLICATIONS	TRANSFERS	BALANCE AT DECEMBER 31
Provisions					
Provision for outstanding litigation	73,570	3,541	(16,411)	(22,630)	38,070
Provision for long-term personnel benefits	1,925	591		(2,346)	170
	75,495	**4,132**			**38,240**
Provisions					
Provision for outstanding litigation	267		(207)	22,630	22,690
Provision for short-term personnel benefits (*)	-			2,346	2,346
	267	**-**			**25,036**
Total					
Provision for outstanding litigation	73,837	3,541	(16,618)	-	60,760
Provision for long-term personnel benefits	1,925	591	-	-	2,516
	75,762	**4,132**			**63,276**

(*) Provisions for long-term personnel benefits are recognized under Current liabilities "Personnel (remuneration payable)

2007

(THOUSANDS OF EUROS)	BALANCE AT JANUARY 1	ALLOWANCES	REVERSALS/APPLICATIONS	TRANSFERS	BALANCE AT DECEMBER 31
Provisions					
Provision for outstanding litigation	65,931	13,262	(5,623)		73,570
Provision for long-term personnel benefits	1,112	1,051	(238)		1,925
	67,043	**14,313**			**75,495**
Provisions					
Provision for outstanding litigation	575	60	(368)		267
Provision for short-term personnel benefits	-				-
	575	**60**			**267**
Total					
Provision for outstanding litigation	66,506	13,322	(5,991)	-	73,837
Provision for long-term personnel benefits	1,112	1,051	(238)	-	1,925
	67,618	**14,373**			**75,762**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Provision for outstanding litigation

On 29 June 1995, the Spanish tax authorities began an audit and inspection regard to the following items and periods:

ITEM	PERIOD
Income tax	1989-90-91-92-93
Value added tax	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from property assets	1990-91-92-93-94
Annual statement of transactions with third parties	1989-90-91-92-93
Non-resident income tax (form 210)	1990-91-92-93-94
Transfer and stamp tax	1990-91-92-93-94
Gaming tax	1992-93-94-95

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, which were not originally included in all tax items.

Between December 1996 and February 1997, the audits and inspection were carried out. Following the audits and inspection, €13,373 thousand in penalties was assessed. The Company signed the assessments in disagreement and filed the relevant appeals.

At the date of preparation of these Financial Statements, the Company has not received notification of the potential additional assessment regarding the 1995 corporate income tax; hence, the definitive amount that might arise from the assessment is not known.

In a decision dated 19 April 2007, handed down in case file number 15/2005, Section One of Criminal Court of the National Court of Justice ruled on the case arising from Summary Proceedings 262/1997 of Central Magistrate Court No. 5, for tax offenses and misrepresentations related to various companies, including Gestevisión Telecinco, S.A. and Publiespaña, S.A.U., in which these companies were named as being parties jointly and severally liable to a secondary degree.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In its decision, the National Court of Justice absolved all of the parties accused and affirmed that none of the events under investigation constitutes an offense. Nevertheless, this ruling was appealed by the Prosecutor's Office.

On 23 June 2008, the Second Court in Criminal Matters of the National Appellate Court rejected Appeal 1701/2007 before the Supreme Court filed the Prosecutor's Office against the aforementioned ruling of the National Court of Justice, upholding the acquittal handed down in the previous instance. The Company believes that in 2009, once the legal deadlines for filing appeals have expired, the provision will be either applied or canceled; hence, the Company has reclassified the corresponding provision as a current provision.

The allowances for the year correspond to coverage of possible risks related to litigation awaiting a definitive resolution.

Since 2001, Gestevisión Telecinco, S.A. has booked provisions for possible litigation with intellectual property rights management entities that have either filed suits against the company for their right to receive remuneration for the alleged use of their respective catalogues or have made claims, any event, for payment of their respective fees.

On 14 January 2008, Company signed a contract with the Intellectual Rights Management Association (Asociación de Gestión de Derechos Intelectuales, AGEDI) through which the two parties end their differences and agree on continuing to abide by the use of phonograms and on the corresponding compensation. The largest amounts for reversion and application in 2008 correspond to this signed agreement.

With this negotiated agreement, the effects of which cover from 1 January 1990 to 31 December 2008, the parties have ended the different proceedings that they had brought against each other, both in administrative and jurisdictional matters.

The amount set forth in this agreement is not significantly different from the provision estimates reflected in the 2007 financial statements; nonetheless, the company has taken steps to adjust this amount in 2008.

Other suits are still pending with other parties in various jurisdictions, either because the Company does not recognize the right being claimed, or due to claims for management fees in relation to differing degrees of usage of the parties' respective catalogues.

In these instances, the Company has made a series of provisions, included under this heading, based on reasonable estimates as to the settlement amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

14. TAXES

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. The Company is open to inspection of all taxes to which it is liable for the last four years. The Company's directors and tax advisors consider that the more accurate interpretation of current regulations means that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Company's transactions.

Following the serving of notice on 1 September 2008, the Spanish tax authorities began the audit and inspection with regard to the following items and periods:

ITEM(S)	PERIODS
Income tax	2004 a 2007
Value added tax	07/2004 a 12/2007
Was holding, non-resident income tax	07/2004 a 12/2007
Gaming tax:	09/2004 a 05/2008

ITEM(S)	PERIODS
Taxes on games of luck, betting, and chance: raffles and tombola	09/2004 a 05/2008
Annual transaction statement	2004 a 2007
Consolidated statement of intra-regional delivery and acquisition of assets	2004 a 2007

At the day of preparation of these Notes, these audits are near completion and the corresponding findings are expected to be submitted soon.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Company believes that any adjustments that might be proposed will focus on items for which provisions have already been made in the Company's accounts or on differences in criteria in calculating taxes. Hence, the Company does not believe that the decision on these items will significantly affect the accompanying balance sheet.

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

		THOUSANDS OF EUROS
	2008	**2007**
Current tax liabilities	-	(30,395)
	-	(30,395)
VAT	(9,645)	(11,156)
Personal income tax withholdings	(1,675)	(2,107)
Social security	(741)	(690)
OTHER PAYABLES TO PUBLIC ADMINISTRATIONS	**(12,061)**	**(13,953)**
Deferred tax assets	65,467	21,726
Unused tax deductions and relief	6,340	-
TOTAL	**71,807**	**21,726**
Other receivables from public administrations		
Income tax	41,698	-
Other taxes	1,465	1,427
TOTAL	**43,163**	**1,427**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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14.1 INCOME TAX

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

2008						
	INCOME STATEMENT			INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY		
(THOUSANDS OF EUROS)	INCREASE	DECREASE	TOTAL	INCREASE	DECREASE	TOTAL
Income and expenses for the year						
Continuing operations	269,222		269,222			
Discontinued operations			-			
	269,222	**-**	**269,222**			
Income tax						
Continuing operations	28,416		28,416			
Discontinued operations (Note 10)			-			
	28,416	**-**	**28,416**			
INCOME AND EXPENSES FOR THE YEAR BEFORE TAX			**297,638**			
Permanent differences						
Non-deductible expenses & penalties	903		903			
Internal elimination of dividends	-	153,648	(153,648)			
Other	**2,333**		**2,333**			
Temporary differences	**142,520**		**142,520**			
Non-deductible expenses & penalties, Subsidiaries undertax consolida-			-			
Temporary differences in subsidiaries		**2,040**	**(2,040)**			
TAX RESULT			**287,706**			

2007						
	INCOME STATEMENT			INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY		
(THOUSANDS OF EUROS)	INCREASE	DECREASE	TOTAL	INCREASE	DECREASE	TOTAL
Income and expenses for the year						
Continuing operations	320,392		320,392			
Discontinued operations	-		-			
	320,392	**-**	**320,392**			
Income tax						
Continuing operations	104,767		104,767			
Discontinued operations (Note 10)			-			
	104,767	**-**	**104,767**			
INCOME AND EXPENSES FOR THE YEAR BEFORE TAX			**425,159**			
Permanent differences						
Non-deductible expenses & penalties	**654**		**654**			
Difference permanent differences from GAAP conversion	773		773			
Internal elimination of dividends	-	60,599	(60,599)			
Other	2,821		2,821			
Temporary differences	**18,372**		**18,372**			
Taxable income contributed by subsidiaries in tax consolidation	**107,599**		**107,599**			
Utilization of tax loss carryforwards						
TAX RESULT			**494,779**			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

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

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2008		
(THOUSANDS OF EUROS)	INCOME STATEMENT	INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY
Income and expenses for the year before tax	297,638	
Tax charge (tax rate: 30%)	89,291	
Non-deductible revenue/expenses	(45,123)	
Tax credits	(18,565)	
Positive adjustments to income tax charge	(173)	
Negative adjustments to income tax charge	167	
Tax adjustments (dividends minus deductions from subsidiaries)	2,806	
Tax on foreign profits	13	
Tax expense (income)	28,416	

2007		
(THOUSANDS OF EUROS)	INCOME STATEMENT	INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY
Income and expenses for the year before tax	425,159	
Tax charge (tax rate: 32,5%)	138,176	
Non-deductible revenue/expenses	(18,314)	
Tax credits	(18,062)	
Positive adjustments to income tax charge	(56)	
Negative adjustments to income tax charge	1,002	
Tax adjustments (dividends minus deductions from subsidiaries)	1,957	
Tax on foreign profits	63	
104,767	104,766	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

2008

(THOUSANDS OF EUROS)	Income statement	Directly recognized in equity
Current income tax	**71,172**	
Other temporary differences	(42,756)	
TOTAL	**28,416**	

2007

(THOUSANDS OF EUROS)	Income statement	Directly recognized in equity
Current income tax	**110,738**	
Other temporary differences	(5,971)	
TOTAL	**104,767**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Income tax payable was calculated as follows:

2008 (THOUSANDS OF EUROS)	
Taxable income:	287,706
Tax payable: (30%)	86,311
Negative tax payable contributed by subsidiaries in tax consolidation	(40,445)
Tax credits	(18,565)
Withholdings	(69,007)
Other	8
Total income tax refund	**(41,698)**

2007 (THOUSANDS OF EUROS)	
Taxable income	494,779
Tax payable: (32,5%)	160,803
Withholdings	(110,256)
Tax credits	(18,062)
Other	(2,090)
Total income tax payable	**30,395**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

14.2 DEFERRED TAX ASSETS

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

2008

(THOUSANDS OF EUROS)	Balance at January 1	Income statement	Equity	Balance at December 31
Deferred tax assets				
Impairment audiovisual rights	7,503	(2,007)	-	5,496
Rights management institutions	6,227	275	-	6,502
Provisions, subsidiaries	6,457	43,947	-	50,404
Other	2,524	541	-	3,065
TOTAL	**22,711**	**42,756**	**-**	**65,467**

2007

(THOUSANDS OF EUROS)	Balance at January 1	Income statement	Equity	Balance at December 31
Deferred tax assets				
Impairment audiovisual rights	5,970	1,533	-	7,503
Rights management institutions	5,204	1,025	-	6,229
Provisions, subsidiaries	2,195	4,262	-	6,457
Other	2,386	(849)	-	1,537
TOTAL	**15,755**	**5,971**	**-**	**21,726**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Company has no unused tax carryforwards.

The amount of income that qualifies for the tax credit arising from a land swap, in accordance with Article 42 of Royal Decree 4/2004, dated 5 March, approving the revised text of the Spanish Corporation Law, is €3,128 thousand. The reinvestment date is 17 March 2003.

15. GUARANTEE COMMITMENTS TO THIRD PARTIES

The breakdown of guarantees provided as of 31 December 2008 and 2007 is as follows:

TYPE	2008	2007
Collateral for contracts, concessions and tenders	10,990	12,975
Legal guarantees	340	27,364
TOTAL	**11,330**	**40,339**

Within the first category of guarantees, there is a three-year bond totaling €6,010 thousand that guarantees the liabilities arising from the concession to indirectly manage public service television, in accordance with Law 107/1988 of 3 May and a General Secretariat of Communications Resolution dated 25 January 1989. The concession was renewed for another 10 years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of the same date and published in the Official State Gazette (B.O.E.) on 11 March 2000.

The Company has provided guarantees in an amount totaling €1,073 thousand to the Directorate-General for the Development of the Information Society (Science and Technology Ministry, currently the Ministry of Industry, Tourism and Trade) for an indefinite period to guarantee the refundable advance granted by the Directorate-General to the company as aid for research and development in the following projects: "Research and development to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive," "Research and development of new tools for the technological evolution of production processes in digital television," "Research and development on an information system to manage contracts with electronic signatures and a security and contingency plan," and "New tools for the technological evolution of production processes in digital television.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The reduction in the amount of the legal guarantees currently in effect at year-end 2008 is due to the refunding of the guarantees corresponding to the legal proceedings that began with the 1 June 1998 writ.

Indeed, in a decision dated 19 April 2007, handed down in case file number 15/2005, Section One of Criminal Court of the National Court of Justice ruled on the case arising from Summary Proceedings 262/1997 of Central Magistrate Court No. 5, for tax offenses and misrepresentations related to various companies, including Gestevisión Telecinco, S.A. and Publiespaña, S.A.U., in which these companies were named as being parties jointly and severally liable to a secondary degree.

In its decision, the National Court of Justice absolved all of the parties accused and affirmed that none of the events under investigation constitutes an offense, and consequently refunded the guarantee.

Subsequently, as indicated in item 13 of these Notes, the National Appellate Court, in a decision dated 23 June 2008, ended this proceeding by rejecting Appeal No. 1701/2007 before the Supreme Court, brought by the Prosecutor's Office. Hence, the National Appellate Court definitively acquitted all of the parties accused of all of the charges, thereby eliminating any civil liability of Gestevisión Telecinco S.A. and Publiespaña SAU for the offense in question (see Note 13).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

16. COMPENSATION SYSTEM INDEXED TO SHARE VALUES

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

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	"No. of options 01/01/08"	Additions	Disposals	N.º of options 31/12/08	Granted to employees of the Company	Granted to employees of the Group	Strike price	Assignment date	Strike term From	Strike term To
2005 share-based payments plan	1,131,000	-	94,500	1,036,500	505,000	531,500	19.70 €	27/07/05	27/07/08	26/07/10
2006 share-based payments plan	1,627,650	-	111,500	1,516,150	610,250	905,900	18.57 €	26/07/06	26/07/09	25/07/11
2007 share-based payments plan	1,135,650	-	57,000	1,078,650	545,750	532,900	20.82 €	25/07/07	25/07/10	24/07/12
2008 share-based payments plan	-	590,325	-	590,325	292,375	297,950	8.21 €	30/07/08	30/07/11	29/07/13

	"No. of options 01/01/07"	Additions	Disposals	N.º of options 31/12/07	Granted to employees of the Company	Granted to employees of the Group	Strike price	Assignment date	Strike term From	Strike term To
2005 share-based payments plan	1,207,500	-	76,500	1,131,000	568,500	562,500	19.70 €	27/07/05	27/07/08	26/07/10
2006 share-based payments plan	1,717,650	-	90,000	1,627,650	685,250	942,400	18.57 €	26/07/06	26/07/09	25/07/11
2007 share-based payments plan	-	1,153,650	18,000	1,135,650	602,750	532,900	20.82 €	25/07/07	25/07/10	24/07/12

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

As a result of these plans, €784 thousand was recognized in the 2008 income statement. In the 2007 income statement, a result of these plans, €1,678 thousand was recognized.

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

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

	2005 Plan	2006 Plan	2007 Plan	2008 Plan
Strike	19.70	18.57	20.82	8.21
Yield on the share (dividend yield)	6%	6%	6%	10%
Volatility	22.5%	22.5%	22.5%	27.5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

17. INCOME AND EXPENSES

a) BREAKDOWN OF SALES

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

	THOUSANDS OF EUROS	
	2008	**2007**
Business segment		
Advertising revenue	759,989	863,549
Rendering of services	14,985	16,138
Other	-	(67)
TOTAL	**774,974**	**879,620**

The Company's most important client continues to be Publiespaña, S.A.U. Revenue from advertising sales to this client, €753,854,000, accounts for approximately 97% of the Company's total revenue (€857,389 thousand, or 98% of the total, in 2007).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

b) CONSUMPTION OF GOODS FOR RESALE

The breakdown of consumption of goods for resale and consumption of raw materials and other consumables for the years ended 31 December 2008 and 2007 is as follows:

	THOUSANDS OF EUROS	
	2008	**2007**
Consumption of goods for resale		
Changes in inventories	(3,821)	(1,511)
	(3,821)	**(1,511)**
Goods for resale		
Purchases in Spain	**180,236**	**163,288**
EU acquisitions	**14,616**	**12,440**
COST OF SALES	**194,852**	**175,728**

c) WAGES AND SALARIES

	2008	**2007**
Wages and salaries	48,685	46,074
Social, security cost et al.	9,228	8,739
TOTAL EMPLOYEE WELFARE EXPENSES	**57,913**	**54,813**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The breakdown of Social Security costs et al. for the years ended 31 December 2008 and 2007 is as follows:

	THOUSANDS OF EUROS	
	2008	**2007**
Social security	7,801	7,422
Other employee welfare expenses	1,427	1,317
TOTAL EMPLOYEE WELFARE EXPENSES	**9,228**	**8,739**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

18. RELATED-PARTY TRANSACTIONS

Related companies

Company transactions in 2008 and 2007 with related parties, as well as the nature of the relationship, were as follows:

COMPANY	NATURE OF THE RELATIONSHIP
Publiespaña, S.A.U.	100% owned
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	100% owned
Grupo Editorial Tele5, S.A.U.	100% owned
Telecinco Cinema, S.A.U.	100% owned
Publimedia Gestión, S.A.U.	100% owned
Aprok Imagen, S.L.	40% owned
Canal Factoría de Ficción, S.A.U.	100% owned
MiCartera Media, S.A.U.	100% owned
Atlas Media, S.A.U.	100% owned
Agencia de Televisión Latinoamericana de Servicios y Noticias País Vasco, S.A.U.	100% owned
Conecta 5 Telecinco, S.A	100% owned

COMPANY	NATURE OF THE RELATIONSHIP
Publieci Televisión, S.A.	50% owned
Cinematext Media, S.A	60% owned
Producciones Mandarina, S.L.	30% owned
Fundación Telecinco	Related
La Fábrica de la Tele, S.L.	30% owned
Advanced Media, S.A.U.	100% owned
Mediacinco Cartera S.L.	75% owned
Alba Adriática, S.L.	15% owned
Pegaso Inc	35.08% owned
Grupo Vocento	Shareholder
Grupo Endemol	33% owned

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The balances with the related parties listed in the preceding table at 31 December 2008 and 2007 are as follows:

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	TRADE RECEIVABLES FROM GROUP COMPANIES AND ASSOCIATES		SUPPLIERS, GROUP COMPANIES AND ASSOCIATES		SUPPLIERS, RIGHTS OF GROUP COMPANIES AND ASSOCIATES		LONG-TERM LOANS TO GROUP COMPANIES (NOTE 8)	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Publiespaña, S.A.U.	176,284	179,984	9,147	7,799	-	-	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	883	1,086	19,150	18,266	-	-	-	-
Grupo Editorial Tele 5, S.A.U.	92	49	350	360	-	-	-	-
Telecinco Cinema, S.A.U.	4,513	2,882	45	45	2,085	3,376	16,095	2,979
Publimedia Gestión, S.A.U.	2,226	2,239	-	2,110	-	-	-	-
Aprok Imagen, S.L.	-	-	162	212	-	-	-	-
Canal Factoría de Ficción, S.A.U.	-	122	10	-	-	-	-	-
Micartera Media, S.A.U.	491	491	393	393	-	-	-	-
Atlas Media, S.A.U.	-	17	-	-	-	-	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias País Vasco, S.A.U.	-	5	-	-	-	-	-	-
Conecta 5 Telecinco, S.A	444	164	70	253	-	-	1,410	1,410
Publieci Televisión, S.A.	-	7	-	-	-	-	-	-
Cinematext Media, S.A	80	65	370	219	-	-	-	-
Producciones Mandarina, S.L.	24	24	2,280	1,034	-	-	-	-
Fundación Telecinco	-	3	-	-	-	-	-	-
La Fábrica de la Tele , S.L.	-	-	2,074	1,697	-	-	-	-
Advanced Media, S.A.U.	22	-	-	-	-	-	-	-
Mediacinco Cartera S.L.	141	214	58	-	-	-	186,720	176,098
Alba Adriática, S.L.	8	3	73	62	678	2,115	-	-
Otros	-	12	589	389	-	-	-	-
Caribevisión TV Network LLC	88	-	-	-	-	-	-	-
Grupo Vocento	(2)	28	4,458	1,958	17,163	25,110	-	-
Grupo Endemol	50	178	12,927	11,991	-	-	-	-
	185,344	187,573	52,156	46,788	19,926	30,601	204,225	180,487

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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	Current tax payables, Group companies		Current liabilities with creditor Group companies	
	31.12.08	31.12.07	31.12.08	31.12.07
Publiespaña, S.A.U.	-	-	146,512	152,661
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	-	-	-	463
Grupo Editorial Tele 5, S.A.U.	-	-	3,319	4,367
Telecinco Cinema, S.A.U.	9,559	6,915	-	-
Canal Factoría de Ficción, S.A.U.	-	-	604	-
Atlas Media, S.A.U.	51	84	-	-
Conecta 5 Telecinco, S.A.U.	-	-	-	2
Advanced Media, S.A.U.	89	1	-	-
Mediacinco Cartera S.L.	75,324	5,392	1,777	-
TOTAL	85,023	12,392	152,212	157,493

	Current tax payables, Group companies (Note 8)		Current liabilities with debtor Group companies	
	31.12.08	31.12.07	31.12.08	31.12.07
Publiespaña, S.A.U.	28,387	34,532	-	-
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	1,150	2,302	8,476	-
Grupo Editorial Tele 5, S.A.U.	1,552	1,759	-	-
Publimedia Gestión, S.A.U.	2,719	3,026	-	-
Telecinco Cinema, S.A.U.	-	-	63,569	60,781
Canal Factoría de Ficción, S.A.U.	-	-	-	-
Atlas Media, S.A.U.	-	-	-	-
Conecta 5 Telecinco, S.A.U.	-	-	14,555	396
Producciones Telecinco, S.A.U. (en liquidación)	-	-	15	15
Advanced Media, S.A.U.	-	-	-	-
Mediacinco Cartera S.L.	391	462	-	53
TOTAL	34,199	42,081	86,615	61,245

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In 2008 and 2007, the following transactions were conducted with the related parties listed above:

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	PURCHASES		ACCRUED INTEREST EXPENSE		PURCHASE OF RIGHTS	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Grupo Editorial Tele 5 S.A.U.	507	553	205	175	-	-
Atlas España S.A.U.	45,018	52,220	-	-	-	-
Atlas País Vasco S.A.U.	-	27	-	-	-	-
Canal Factoria de Ficcion S.A.U.	-	-	12	-	-	-
Cinematext Media S.A.U.	1,132	1,009	-	-	-	-
Publiespaña S.A.U.	249	276	9,075	7,709	-	-
Publimedia Gestion S.A.U.	5	-	-	-	-	-
Telecinco Cinema S.A.U	3	2,126	-	-	3,627	5,548
Aprok Imagen S.L.	883	1,086	-	-	-	-
Conecta 5 Telecinco S.A.U	300	758	-	2	-	-
Mediacinco Cartera S.L.	-	-	58	-	-	-
Producciones Mandarina, S.L.	14,642	18,410	-	-	-	-
La Fábrica de la Tele S.L	15,008	10,050	-	-	-	-
Alba Adriática, S.L.	338	214	-	-	14,768	11,636
Grupo Vocento	9,223	1	-	-	37,377	46,060
Grupo Endemol	43,521	25,756	-	-	-	-
Grupo Mediaset	1,216	290	-	-	-	-
TOTAL	132,045	112,776	9,350	7,886	55,772	63,244

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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	ADVERTISING REVENUE & SALE OF RIGHTS		OTHER REVENUE		ACCRUED INTEREST REVENUE		DIVIDENDS	
	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07	31.12.08	31.12.07
Grupo Editorial Tele 5 S.A.U.	-	-	380	293	-	-	3,777	3,371
Atlas España S.A.U.	-	7	2,774	2,864	74	215	6,939	2,984
Atlas País Vasco S.A.U.	-	-	-	26	-	-	-	-
Atlas Media, S.A.U.	-	-	-	92	-	-	-	-
Canal Factoria de Ficcion S.A.U.	-	299	-	147	-	-	-	-
Cinematext Media S.A.U.	-	-	170	166	-	-	-	-
Publiespaña S.A.U.	753,854	857,389	3,621	3,821	-	-	133,577	44,225
Publimedia Gestion S.A.U.	5,776	5,571	2,575	640	-	-	-	-
Advanced Media S.A.U.	-	-	64	-	-	-	-	-
MiCartera Media S.A.U.	-	-	-	-	-	1	-	-
Telecinco Cinema S.A.U	-	-	580	646	4,330	2,742	-	3,996
Conecta 5 Telecinco S.A.U	132	-	765	365	149	18	-	-
Publieci Television S.A.	-	-	43	134			-	-
Mediacinco Cartera S.L.	-	-	392	183	10,622	4,407	-	-
Fundación doce meses doce causas	-	-		8	-	-	-	-
Producciones Mandarina, S.L.	-	-	75	91	-	-	-	-
Alba Adriática, S.L.	-	-	19	6	136	-	-	-
Caribevisión Network LLC	640	-	128		-	-	-	-
Grupo Vocento	179	-	24	26	-	-	-	-
Grupo Endemol	45	4	368	122	-	-	-	-
Grupo Mediaset	-	16	76	45	-	-	-	-
TOTAL	760,626	863,286	12,054	9,675	15,311	7,383	144,293	54,576

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Directors and senior executives

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

a) COMPENSATION AND OTHER BENEFITS

1. Remuneration of the members of the Board of Directors in 2008 and 2007:

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

	THOUSANDS OF EUROS	
	2008	**2007**
Compensation	2,525	4,359
Attendance fees	468	434
	2,993	**4,793**

In addition to the information given in this section, the compensation received by each director in 2008 is indicated below, in euros:

Mr. ALEJANDRO ECHEVARRÍA BUSQUET – CHAIRMAN OF THE BOARD OF DIRECTORS

Fixed Board compensation:	60,000.00
Attendance fees:	60,000.00
Fixed compensation:	521,572.56
Variable compensation:	166,730.00
Total	808,302.56

Option rights granted: 33,625

Option rights exercised: 0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Mr. PAOLO VASILE – JOINT CEO

Fixed Board compensation:	60,000.00
Attendance fees:	30,000.00
Fixed compensation:	719,386.86
Variable compensation:	333,460.00
Remuneration in-kind:	7,705.92 (*)
Total	1,150,552.78

Option rights granted: 67,250

Option rights exercised: 0

(*) Excluding the base of the in-kind compensation, €32,608.18

Mr. GIUSEPPE TRINGALI – CONSEJERO DELEGADO

Fixed Board compensation:	60,000.00
Attendance fees:	30,000.00
Total	90,000.00

Option rights granted: 67,250

Option rights exercised: 0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Mr. MASSIMO MUSOLINO – EXECUTIVE DIRECTOR

Mr. Musolino has been a member of the Board of Directors since 9 April 2008.

Fixed Board compensation:	40,000.00
Attendance fees:	12,000.00
Total	52,000.00

Option rights granted: 30,500

Option rights exercised: 0

Mr. ALFREDO MESSINA – BOARD MEMBER

Fixed Board compensation	60,000.00
Attendance fees:	24,000.00
Total:	84,000.00

Mr. FEDELE CONFALONIERI – BOARD MEMBER

Fixed Board compensation:	60,000.00
Attendance fees:	57,000.00
Total:	117,000.00

Mr. MARCO GIORDANI – BOARD MEMBER

Fixed Board compensation	60,000.00
Attendance fees:	30,000.00
Total:	90,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Mr. PIER SILVIO BERLUSCONI – BOARD MEMBER

Fixed Board compensation:	60,000.00
Total:	60,000.00

Mr. GIULIANO ADREANI – BOARD MEMBER

Fixed Board compensation:	60,000.00
Attendance fees:	57,000.00
Total:	117,000.00

Mr. JOSÉ Mª BERGARECHE BUSQUET – BOARD MEMBER

Mr. Bergareche was a member of the Board of Directors from January to 9 April 2008.

Fixed Board compensation:	16,500.00
Attendance fees:	15,000.00
Total	31,500.00

Mr. ÁNGEL DURÁNDEZ ADEVA – INDEPENDENT DIRECTOR

Fixed Board compensation:	60,000.00
Attendance fees:	42,000.00
Total	102,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Mr. MIGUEL IRABURU ELIZONDO - INDEPENDENT DIRECTOR

Fixed Board compensation:	60,000.00
Attendance fees:	18,000.00
Total	78,000.00

Mr. BORJA DE PRADO EULATE – INDEPENDENT DIRECTOR / CHAIR AUDIT AND COMPLIANCE

Fixed Board compensation:	60,000.00
Attendance fees:	42,000.00
Total:	102,000.00

Mr. JOSÉ RAMÓN ÁLVAREZ-RENDUELES – INDEPENDENT DIRECTOR / APPOINTMENTS AND REMUNERATION COMMITTEE

Fixed Board compensation:	60,000.00
Attendance fees:	51,000.00
Total:	111,000.00

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

As was the case last year, at year-end of 2008, the Company has not granted any advance payments or loans to any of its Board Members.

Regarding the benefits arrangements, the Company has taken out, for only one of the Joint CEOs, life insurance covering disability or death and medical insurance, at an annual cost of €11,524.54. These items are included in in-kind compensation.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Options on the Company shares

In 2008, the Board members were given a total of 198,625 share options, of which 67,250 were granted to each Joint CEO and 33,625 to the Chairman of the Board of Directors.

In 2008, no share options were exercised.

b) COMPENSATION TO KEY MANAGEMENT PERSONNEL

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

NUMBER OF PERSONS		TOTAL COMPENSATION (THOUSANDS OF EUROS)	
2008	2007	2008	2007
11	7	3,816	3,002

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

c) OTHER DISCLOSURES ON THE BOARD OF DIRECTORS:

Breakdown of the involvement with companies engaging in similar activities and the directors' involvement in similar activities either on their own or on behalf of others.

In compliance with Article 27 ter. 4 of the Spanish Corporation Law, and regarding GESTEVISION TELECINCO, S.A., we hereby state that Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburu Elizondo, Alfredo Messina, Borja de Prado Eulate, Mr. Massimo Musolino, members of the Board of Directors of GESTEVISION TELECINCO, S.A. as of 31 December 2008, have not owned and do not own shareholdings in share capital of companies that have a corporate purpose identical, similar or complementary to the activity that constitutes GESTEVISION TELECINCO, S.A.'s corporate purpose.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Mr. ALEJANDRO ECHEVARRÍA BUSQUET:

Subsidiary	Activity	Ownership percentage	Duties
Vocento, S.A.	Communication	0.1236 %	-
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.1072 %	Board Member
Diario ABC, S.L.	Newspaper publishing	0.0002 %	-

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 2008, 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 the corporate purpose of GESTEVISION TELECINCO, 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
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Self-employed	-	Chairman
Publiespaña, S.A.U	Advertising agency	Self-employed	-	Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
Canal Factoria de Ficción, S.A.U.	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publiespaña, S.A.U	Advertising agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S.A.	Chairman
Grupo Editorial Tele5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S.A.	Chairman
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S.A.	Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 and 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
Advanced Media, S.A.U.	Carrying out and executing advertising projects	Company employee	Publiespaña, S.A.U.	Joint CEO
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Publiespaña, S.A.U.	Chairman
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
Canal Factoria de Ficción, S.A.U.	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S.A.	Chairman/Managing Director
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publiespaña, S.A.U	Advertising agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S.A.	Board Member
Grupo Editorial Tele5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S.A.	Joint CEO
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S.A.	Joint CEO
Cinematext Media, S.A.	Movie-, television- and video-subtitling	Company employee	Gestevisión Telecinco, S.A.	Board Member
Corporación de Medios Radiofónicos Digitales, S.A.	Radio-and television-related activities	Company employee	Gestevisión Telecinco, S.A.	Board Member
Mediacinco Cartera, S.L.	Financial investments	Company employee	Gestevisión Telecinco, S.A.	Chairman
Premiere Megaplex, S.A.	Film distribution	Company employee	Gestevisión Telecinco, S.A.	Board Member

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 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 GESTEVISIÓN TELECINCO, S.A.'s corporate purpose.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

19. OTHER DISCLOSURES

a) EMPLOYEES

2008	AT YEAR-END			
	Male	Female	Total	Average for the Year
Senior executives	9	2	11	11
Executives	27	14	41	43
Department managers	21	30	51	52
Technical staff	324	149	473	480
Administrative personnel	29	104	133	135
Operators	21	-	21	23
	431	**299**	**730**	**744**

2007	AT YEAR-END			
	Male	Female	Total	Average for the Year
Senior executives	7	-	7	7
Executives	30	17	47	46
Department managers	20	26	46	46
Technical staff	327	152	479	479
Administrative personnel	35	104	139	139
Operators	23	3	26	26
	442	**302**	**744**	**743**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

b) AUDIT FEES

Audit fees of the 2008 financial statements totaled €86 thousand (2007: €99 thousand).

In addition, the fees paid in the year for other services performed by the Company's statuatory auditors in 2008 totaled €208 thousand (2007: €168 thousand).

c) FOREIGN CURRENCY

Foreign-currency transactions related to the acquisition of audiovisual property rights and distribution rights totaled $22 million.

"Trade receivables" includes €842 thousand denominated in US dollars.

In addition, "Plant, property and equipment" payables includes €3,300 thousand, denominated in US dollars.

20. ISSUES RELATED TO THE TRANSITION TO THE NEW ACCOUNTING PRINCIPLES

As is indicated in Note 2, the financial statements for the year ended 31 December 2008 have been prepared in accordance with the Spanish General Chart of Accounts approved by Royal Decree1514/2007 of 16 November, and the transition date was taken as 1 January 2007. In this regard, in accordance with section one of Transitional Provision Four of said Royal Decree, January 1, 2007 has been taken as the transition date and, therefore, comparative figures for 2007 are included for each of the headings in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes thereto in addition to the figures for 2008.

The financial statements of Gestevisión Telecinco, S.A. for 2007 were approved by the General Shareholders' Meeting on 9 April 2008. The statements were prepared in accordance with the provisions of mercantile legislation in force and, therefore, do not coincide exactly with the amounts indicated for 2007 included, for comparative purposes, in the financial statements for the year ended 31 December 2008.

The following information is included in accordance with the requirements of Additional Provision Four, Section 1, of Royal Decree 1514/2007, dated 16 November:

a) An explanation of the main differences between the accounting criteria followed in 2007 and those followed in 2008

b) A reconciliation of equity on the preceding balance sheet date

c) A reconciliation of equity and income for the year ended 31 December 2007

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

20.1 Explanation of the main differences between the accounting criteria followed in 2007 and those followed in 2008

The differences between the accounting criteria applied in 2008 and 2007 are described below:

VARIOUS RECLASSIFICATIONS

The change in the accounting framework has entailed multiple reclassifications, both in the balance sheet as well as in the income statement. The most important of these changes is:

- Amortizations and provisions of assets, which are recognized by the deducting the acquisition costs of these assets in the balance sheet, whereas under the previous accounting regulations, these items were recognized in separate lines under the corresponding headings.

NEW ACCOUNTING STATEMENTS IN FINANCIAL STATEMENTS:

The new accounting legislation has introduced two new accounting statements in the financial statements:

a) The statement of changes in equity, which is presented in two documents, the statement of recognized income and the Total statement of changes in equity

b) The cash flow statement

Therefore, the Administrators have included these statements in the financial statements for the year ended 31 December 2008 and, to facilitate comparison, have also included the figures for the previous year.

CHANGES IN RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES:

The recognition and measurement bases used by the Company in preparing the financial statements for the year ended December 31, 2008 are explained in greater detail in section 4 of the accompanying notes to the financial statements and are pursuant to the new accounting policies approved by Royal Decree 1514/2007. The main differences between these recognition and measurement bases and those applied by the Company under the preceding accounting regulations are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

a) Employee benefits expense: Under the previous regulations, this expense was not included in the measurement of stock options plans. Under the current regulations, this measurement is recognized in "Employee benefits expense."

b) Treasury shares: Under the previous regulations, "Treasury shares" was recognized in assets, and a non-distributable reserve was created for the same amount in Capital and reserves. In addition, a provision was established for portfolio depreciation when their quoted value was less than their value carrying amounts. Under the current regulations, treasury shares are recognized at acquisition price, reducing the Company's equity.

c) Portfolio depreciation: With the impairment tests called for by the new regulations, a portion of the provisions depreciation taken under the preceding regulations will have to be adjusted.

20.2 Reconciliation of equity on the preceding balance sheet date

A reconciliation between equity as per the balance sheet contained in the financial statements at 31 December 2006 and the opening balance sheet at 1 January 2007, which incorporates the aforementioned changes referred, is shown below:

	EUROS
Pursuant to regulations before 1 January 2007	606,480
Treasury shares	(25,838)
Share based payments	2,727
Financial investment provision	1,224
Other	91
Pursuant to current legislation at 1 January 2007	**584,684**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

20.3 Reconciliation of equity and income for the year ended 31 December 2007

A reconciliation between equity as per the balance sheet contained in the financial statements at 31 December 2007 and the balance sheet at 1 January 2008, which incorporates the changes referred to above, is shown below:

	EUROS
Equity at 31 December 2007 pursuant to previous regulations	611,563
Adjustments to beginning balances explained in table above	(21,796)
Effect on reserves, stock option plans	3,397
Effect on reserves, Treasury shares	(30,541)
Adjustment to 2007 profit	1,069
Equity at 31 December 2007 pursuant to current Spanish accounting regulations	**563,692**

A reconciliation between income for 2007, calculated according to the previous accounting regulations and income according to the current accounting regulations, is given below:

	EUROS
Profit for 2007 under previous accounting regulations	319,332
Stock options plans	(1,678)
Cancel. Prov. Deprec. Treasury Shares	2,577
Others	161
Profit for 2007 under current accounting regulations	**320,392**

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

2008: TELECINCO'S BUSINESS MODEL SUCCESSFULLY WITHSTANDS THE PROFOUND AND WIDESPREAD CRISIS. BUT WHAT ABOUT THE REST OF THE SECTOR?

2008 sorely tested the solidity and staying power of all businesses, regardless of industry, as the Spanish economy gradually deteriorated.

The year started out with a hard landing in the construction sector and went on to witness a pronounced slump in consumption and investment virtually across the board. It was accompanied by an almost unprecedented credit crunch, making it much harder for individuals and businesses to secure financing, and a widespread deterioration in sentiment and confidence, so that the year culminated with an imploding labor market, sending unemployment soaring.

Although affecting all developed economies, the unfolding recession is proving more virulent in Spain, accelerating at a pace and reaching extremes that exceed even the most pessimistic forecasts. It is necessary to go far back in time (the Great Depression of 1929, the financial turbulence of the 1970s) to find parallels.

At the time of authorizing these financial statements for issue, the panorama remains extremely gloomy, marked by a total absence of objective data upon which to pin hopes of an improvement in the general international or domestic situation or of an inflection point in the economic cycle short or medium term.

The free-to-air television cycle was not immune to the all-encompassing economic downturn that shaped 2008. In fact, the advertising market is highly correlated to the major macroeconomic indicators. This correlation has been borne out yet again during this downturn, most notably since the third quarter, when advertising spending plummeted in all segments, barring none.

The general backdrop therefore is one of harsh economic challenges at a time when the sector is far more fragmented and competitive than in any of its neighboring markets. This is due to the fallout in Spain of advertising and spiraling content costs (notably sports broadcasting rights) from the active role played by public broadcasters, prompted by emerging broadcasters attempting to win audience share at any price.

This combination of factors paints a dire picture in terms of the sector's ability to finance the inevitable mismatch, in some cases out of kilter from the outset, between forecast revenue and the spending and investments committed before the advertising crisis exploded. Without a shadow of a doubt, this is the great challenge and risk facing the Spanish television sector over the short and medium term.

Against this backdrop, Telecinco, which ended the year as audience leader for the fifth consecutive year, was yet again able to maintain its business model intact based on efficient, flexible and innovative management of its advertising share and a programming strategy tailored to audience preferences. Telecinco struck a successful balance between the channel's more classic programming and newer formats, all this against a deteriorating business climate and increasing audience fragmentation.

Specifically, Telecinco was able once again to come up with successful content at reasonable cost, thanks to its proven strategy of

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producing programs with its trusted investee producers, thereby ensuring access to professional talent.

The broadcaster's business model also proved its solidity as measured by the key management metrics used by any company attempting to put on its best show for its customers, shareholders and society at large: profitability, margins, net profit for shareholder remuneration, cash flow generation, robust capital and access to credit as needed to fund working capital and finance capital expenditure as opportunities arise, all throughout the ongoing credit crunch.

In this respect, Telecinco enjoys a privileged position thanks to the virtual absence of short term debt at year-end 2008, the existence of credit lines which enable it to comfortably meet its working capital requirements and, thanks to capital strength unique in the sector, the ability to raise additional funds to finance investments that could result in value creation, should they arise.

On all these metrics, Telecinco posted truly exceptional readings considering the harsh conditions in the economy in general and in the advertising sector in particular. The broadcaster demonstrated the profitability and efficiency of its business model not only in boom times, but also in downturns.

This strength reflects the efforts of everyone working at Telecinco, a team of qualified and expert enthusiasts that yet again gave their best to bringing these results about.

On another front, at the beginning of 2008 Telecinco made a strategic move with the acquisition, via Pegaso TV, of 29.2% of CaribeVisión Network, a newly created Spanish-speaking network which broadcasts in New York, Miami, Boston and Puerto Rico. This investment, coupled with the acquisition of 33% of Endemol in 2007, underscores Telecinco's keenness and willingness to establish a beachhead in the international markets it deems can generate value for the company.

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THE GLOBAL ECONOMY IN 2008

Extremely graphic adjectives are needed to depict the extent of the havoc wreaked on the global economy in 2008. The turbulence in the global banking sector which began to cause ripples at the end of 2007 gave way to nothing short of a financial tidal wave in 2008 which engulfed not only hundred-year-old investment banks which were leveraged to the hilt via derivatives, but also undermined the basic foundations of mutual trust necessary for the banking system to function correctly, due to an abundance of opaque and sophisticated financial instruments which masked a genuine time bomb ticking away inside, and which were missed by all the global supervisory authorities worldwide (the so-called toxic assets).

As the year rolled on, the extent to which these low value financial assets, which had been distributed worldwide on a massive scale, tainting almost all banks, US and foreign, would have a knock-on effect on the real economy began to emerge.

As the losses triggered by the acquisition of these toxic assets became known, a vicious circle of liquidity constraints, deleveraging requirements and credit restrictions among banks was unleashed, requiring massive intervention by the monetary and finance authorities on both sides of the Atlantic to inject liquidity into the system by resorting to extraordinary measures and to save the hardest hit entities from bankruptcy via nationalization. In addition, rates were cut to stimulate the economy, drastically in the case of the US, and less dramatically in Europe, albeit no less radically considering the European Central Bank's long-standing aversion to inflation.

The ramifications of this deleveraging are still being felt at the time of writing. The banks have dramatically choked off lending to households and businesses and to each other and the previous growth model predicated on ever rising prices in underlying assets, fuelling massive leverage and, by extension, consumption growth (the prevalent growth model in the US, UK, Ireland and Spain, among other places) lies in tatters in the aftermath of the tsunami.

Reported economic data justify labeling 2008 as an 'annus horribilis' in finance. It takes a journey back in time as far as 1929 to unearth a parallel for the events of the past year.

So, no surprise, the US is in recession: GDP contracted by 0.5% in 3Q08, once the tax breaks extended to US families in 2Q08 evaporated; the contraction gathered pace to 3.8% in 4Q08.

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Economic indicators point to a contraction in GDP in the UK of 1.5% in the last quarter of the year, in line with the 1.5% drop in the European Union, led by the German economy, which shrank by nothing short of 2.1% in 4Q08. These figures depict a recessionary panorama engulfing developed economies, clearly signaling that the knock-on effect of the financial crisis on the real economy is proving extraordinarily extensive and deep. Meanwhile the unprecedented measures being taken by the various governments to short circuit collapses in their respective economies have yet to prove effective, in all likelihood because of lingering misgivings and fear that the latent losses in the system will prove greater than has been publicly disclosed to date, triggering an even more pronounced correction in asset values, greater deleveraging requirements, and ultimately, a prolonged credit crunch for families and businesses.

Turning to developing economies, they are inevitably beginning to slide down the slippery slope of economic deceleration, a phenomenon which is proving particularly noteworthy in China, where growth slowed by over 30% in 2008 (from 13% to 9%). China's GDP is expected to slow by 50% in 2009 (6.8%) over 2007.

In Latin America, the slump in growth was less pronounced in 2008 (regional growth is expected to ease from 5.4% in 2007 to 4% in 2008); however the expectations for the year ahead are significantly gloomier (growth of 2% at best).

All this highlights that the crisis is global in nature and that it is quickly spreading beyond the developed economies. Moreover, the fact that the emerging economies are also catching the recessionary virus will curtail and delay the recovery, as sluggish internal demand in these countries will not substitute weak consumption and investment in more developed nations.

In Spain, emerging indicators are even more discouraging for several reasons: first off, the contraction in GDP in the last quarter of 2008 (-1.0%) came on the heels of the decline already revealed in 3Q08 (-0.3,), putting Spain technically into recession (two consecutive quarters of shrinking GDP), in line with its European neighbors.

Secondly, the trend unfolding is far worse than in other developed nations, considering the fact that the Spanish economy grew by 3.7% in 2007, i.e. outperforming the European Union average by a differential of 1% and the German economy by 1.2%.

Thirdly, the defining characteristics of the structure of production in Spain imply that such a hard landing, culminating in recession in so few quarters, will inevitably be accompanied by massive job destruction, a phenomenon already being evidenced: by year-end unemployment had already reached 14.6%, the highest level in recent years. Further, this harried pace of job destruction translates into a 65% surge in unemployment in just one year (from 8.7% at year-end 2007), an extraordinarily negative development.

The only brief respite in this roll of negative data comes by way of inflation, which eased dramatically to 1.5% in 2008 in Spain (2007: 4.3%), dipping even below the eurozone average (1.5%), an unprecedented dip which in actual fact mirrors the depressed state of internal demand. In the opinion of some observers, current levels point ominously to the specter of deflation, a phenomenon not experienced since before World War II.

Lamentably, an objective assessment of the economic reality precludes any premonition that the situation has "hit bottom". Quite the opposite. There are enough negative factors yet to be resolved in Spain (misgivings regarding unrealized losses still to be disclosed,

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liquidity drought, structural adjustments in sectors hit hardest by the recessions, rapidly spiraling public deficit, structurally low productivity and competitiveness across the Spanish productive system, the downdraft in the general economic outlook, collapsing consumption and inability of the external sector to substitute sluggish internal demand as a growth driver) to underpin the general statement that “the worst has yet to come”.

The economic forecasts put out by the various authorities and think tanks for the coming quarters underpin this negative outlook: in Spain GDP is expected to shrink by at least 1.6% in 2009, with consensus forecasts pointing to a decline of over 2%. These forecasts meanwhile put unemployment at close to 17%, and the public deficit at over 7%.

The outlook for the European Union and the US is not particularly encouraging either: GDP is widely expected to contract in 2009 and a turnaround for the developed economies as a whole is considered unlikely before 2010 and the thesis that a return to growth will very likely take longer than that is gaining momentum.

The adverse economic conditions depicted above have taken a toll, and will continue to weigh down the advertising market in general, and the television advertising segment in particular: it is common knowledge that demand for advertising is highly correlated to the headline macroeconomic variables.

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THE TV ADVERTISING MARKET

At the beginning of 2008 press advertising began to drop off, hit by the collapse in the real estate market and escalating unemployment. Television advertising, however, proved resilient to the economic slowdown through May when for the first time spending shrank year-on-year.

This marked the beginning of a very pronounced slowdown which gradually extended to all sectors. By year-end television advertising spending was falling at rates in the order of 25%, a downdraft since the month of May without precedent in recent audiovisual market history in Spain.

Although at the time of authorizing these financial statements for issue the official Inforadex data for the Spanish advertising market in 2008 had not yet been made public, it is estimated to have contracted by around 11.5% for the full year, implying an extremely negative trend in the second half of the year, as official data for the first half revealed a decline of just 4.1%.

Year-to-date, the television advertising market remains in free fall relative to the first months of 2008, given that this time last year the market was not yet in decline.

Advertising revenue at Gestevisión Telecinco, S.A. stood at 774 million euros, down 12% on 2007 due to declining demand for advertising starting in the second quarter, a trend which prompted a generalized reduction in average prices per advertising hit from that point on. Telecinco's leadership on pricing and commercial target meant that the slump in demand hit the broadcaster to a greater degree.

In addition, this market trend was aggravated by the aggressive sales policies put in place by the public broadcasters, which opted to pursue a strategy of flogging advertising space on a massive scale without concern for the ultimate price ramifications. This decision, most notably from the second half in conjunction with the broadcast of the Beijing Olympic Games, drove prices lower.

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AUDIENCE LEADER IN ALL TIME SLOTS

For the fifth year running, Telecinco ended 2008 as the clear leader in audience (total viewers, 24 hours), with a share of 18.1%, 2.1 points ahead of Antena 3 (16.0%) and 1.2 points ahead of TVE 1 (16.9%). In prime time, the broadcaster's leading share extended almost 2 points to 20%, 4.8 points head of Antena 3 (15.2%) and 3.8 points ahead of TVE 1 (16.2%).

Focusing on the commercial target, the most attractive audience to advertisers, Telecinco extended its decade long leadership once again with an audience share of 19.6% throughout the day (with a lead of 3.1 and 6.1 points over Antena 3 and TVE 1, respectively) and of 21.5% in prime time (compared to 15.7% at Antena 3 and 13.1% at TVE 1).

These results are more impressive factoring in ongoing audience fragmentation, where the share of audience grouped under the category "Other broadcasters" climbed from 11.3% in 2007 to 13.4% in 2008, boosted by growing penetration of digital terrestrial TV (DTT). This phenomenon, although not significant in terms of the advertising pie due to the large number of broadcasters grouped into this catchall category, does impact audience shares, implying a gradual erosion in the leading broadcaster's figures.

Lastly, Telecinco's renewed leadership in 2008 is a testament to the broadcaster's strength in a year marked by major sporting events such as the European Football Championship and the Olympic Games, with notable successes by Spanish athletes (champions in EURO 2008, victors in the Tour de France and the Giro d'Italia, winner at Wimbledon and the French Open at Roland Garros), events which caused audiences at the channels broadcasting these events to surge temporarily.

SOLID, STABLE AND FLEXIBLE PROGRAMMING, THE KEY TO SUCCESS

Telecinco's success in terms of audience is predicated on programming that is easily recognized by the viewer, based on a range of content that combines established formats with a broad range of new ones. Spanish and foreign fiction series, in-house productions, the strength of live broadcasts and Formula 1 racing were the pillars on which Telecinco once again built its success in 2008, a year in which the network relied on in-house productions for more than 80% of its broadcasts, weaving an intricate balance between long-running, proven hit shows and newer formats in order to reach out to viewers and keep them watching.

EFFICIENT CONTENT STRATEGY

Live broadcasts, in-house productions and innovative formats and series are the basic tools with which Telecinco faces up to the daily challenge of holding on to the audience leadership that its viewers have awarded it.

In 2008 the network reaped the rewards of the content strategy put in place the year before, namely striking shareholder agreements and forging strategic alliances with emerging and established production companies in order to shore up access to quality content at

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reasonable prices. The overriding goal is to enable it to deliver its audience targets while keeping costs in check.

With this strategy, Telecinco achieved a dual objective: (i) locking in the ability to run successful formats on an ongoing basis and (ii) fostering the creativity of emerging television talent. In all cases, the agreements have been supplemented by the acquisition of non-controlling stakes in the production companies, through both Gestevisión Telecinco, S.A. and Atlas España S.A.U.

PROFITABILITY: AN INCREASINGLY SCARCE GOOD

Gestevisión Telecinco, S.A.'s 2008 earnings place it once again among the most profitable networks in the world, despite widespread harsher economic conditions and the slump in advertising.

Although the economic cycle took a drastic turn for the worse in 2008, competition in the Spanish television market continued to heat up and content costs extended their upward spiral, plunging other networks, such as the public broadcasters which have never sought to bring revenue and costs into balance, further into the red, postponing indefinitely the hopes held by some, predicated on the previously ever expanding advertising market, of reaching breakeven any time soon. Similarly, earnings at profitable networks eroded significantly.

The current situation, considering that the economic downturn has not hit bottom and that the tide has yet to turn on heavy outlays for content, highlights that only a sustainable business model capable of working properly throughout boom and bust, ensures the delivery of robust operating margins, positive cash flow generation and the creation of value for shareholders, employees and customers. To the contrary, operators whose business models present structural shortcomings (and in cases are structurally loss-making) run the risk of being unable to compete in the trying times that lie ahead for the television market.

In addition, access to credit has been choked off in the past year in the wake of the global financial crisis, accentuating risks to the sustainability of operating investments in a business such as free-to-air television, which is highly leveraged and requires significant upfront spending in order to generate advertising revenue down the line.

Against this backdrop, Telecinco's results are all the more impressive in a dire year from an economic standpoint.

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- Revenue narrowed 12% in 2008 to 774 million euros.
- Total costs meanwhile narrowed 0.6% on 2007. This control was facilitated by Telecinco's business model, which is predicated on in-house programming, which in turn mitigates the operational gearing inherent in the television business, although this pattern was also shaped by the reversal of a contingency provision in 2008.
- Profit from operations amounted to 298 million euros (2007: 379 million euros). Expressed as a percentage of revenue, this represents an excellent margin of 38.5%.
- Net profit for the year came to 269 million euros (2007: 320 million euros), driven in large part by the share in equity accounted companies' profits.

DIVIDENDS

In 2008, it was resolved at the Annual General Meeting of April 9 to pay out an ordinary dividend of 317 million euros from 2007 profit, equivalent to 1.30 euros per share outstanding and a payout of close to 90% of consolidated profit for the year.

This year, the Board of Directors plans to submit a resolution to pay an ordinary dividend of 0.87 euros per share outstanding from 2008 earnings at the Annual General Meeting. The proposed dividend translates into a payout of 100% of Group profit for the year.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

In 2008 Telecinco forged ahead with its policy of investing in audiovisual broadcasting rights which has proven so successful in recent years, selecting carefully the types of content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. Telecinco again placed special emphasis on investment in Spanish fiction series.

The activities undertaken by Telecinco Cinema, the company charged with film production under Telecinco's legal requirement to earmark 5% of its revenue to Spanish and European film production, merit special mention.

Faced with this legal requirement, Telecinco has opted to produce high quality commercial film projects with an international profile with the dual objective of generating a return on the significant investments made and shaking up the Spanish cinema market. The idea is to fund film productions that successfully combine talent and profit criteria by providing opportunities to emerging film makers.

Telecinco's determination to turn a legal obligation into a business that contributes to the development of the Spanish film-making sector has led to the production of some of the highest grossing blockbusters of recent years. This is true of "Alatriste", "Pan's Labyrinth", "The Orphanage", "The Oxford Murders" and the big-budget production on the life of Ché Guevara, which made cinema

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history for its excellent reviews, multiple prizes and box office takings in Spain and abroad. International box office success has long been the Achilles heel of Spanish film-making.

As part of this strategy, Telecinco Cinema continued to produce big budget pictures in 2008, most noteworthy among which is "Agora", the new film directed by Alejandro Amenábar which is making big screen history ahead of its release (slated for 2H09) as the most ambitious full-length motion picture ever made in Spain.

NEW GROWTH ALTERNATIVES IN INTERNATIONAL MARKETS

In 2008 Telecinco opened up a new front in its international expansion with the acquisition, via Group company Pegaso, of 29.2% of CaribeVisión, a recently founded Spanish-speaking network broadcasting along the east coast of the US.

This transaction marks a significant strategic commitment to the burgeoning US Spanish speaking population; this segment's economic significance is evident in terms of its contribution to GDP, faster than average growth rates and share of the advertising pie. Through this strategic alliance, Telecinco brings its vision of the business and know-how to a potentially attractive television venture in terms of growth and profit potential, in which it has the chance to participate from the outset, alongside other prestigious and experienced shareholders.

Telecinco's entry into the US market comes on the heels of its major acquisition of one-third of Endemol, together with first class private equity investors. With this ambitious initiative, the network has gained a foothold in the world of content on a global scale through a profitable and well-managed company with enormous reach and creative talent. In addition, the funding needed to complete this transaction was financed by Telecinco from internally generated cash flow; the network did not have to raise debt or increase leverage to get it done.

With these two carefully selected acquisitions, Telecinco, without neglecting its core Spanish business, is attempting to identify new business opportunities that will contribute to strengthening its business model medium term.

DIGITAL TELEVISION

In 2004 Telecinco completed its full technical digitalization process and started to broadcast two new digital channels using in-house programming from November 2005, which it continued in 2006 and 2007. These two new digital channels, which complement Telecinco's analogue broadcasts, endeavor to offer, within the prevailing limitations posed by the penetration of digital terrestrial TV, alternative programming to Telecinco's analogue line-up.

Early 2008, Telecinco made significant name and content changes at its two digital channels to create Telecinco 2, a generalist chan-

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nel structured around news, sports and reality programming and FDF Telecinco, a channel which leverages a well-known brand in the industry to broadcast a range of the network's films and drama series.

Last year technical penetration of DTT services reached 90%, with a little over 14 million decoders, while effective penetration rose to almost 44% of households. In terms of audience, share jumped from 9.5% at the end of 2007 to 21.9% a year later. However, over 70% of this figure corresponds to simulcast broadcasting by the analogue networks, bringing the share of strict DTT viewers down to just 6% of the total, a negligible reading considering existing fragmentation, which means that non-simulcast broadcasters are not yet making waves in the market, especially from an advertising standpoint. In addition, the short and medium outlook for continued weak demand for advertising underpins the thesis that the day DTT broadcasting will make meaningful inroads into the free-to-air generalist television sector is still some way off.

STEADY SHARE PRICE PERFORMANCE

2008 was a devastating year for equities in general and for the media sector in particular. In Spain, the benchmark IBEX 35 index corrected by 39.4% over the course of the year. The investor panic triggered by the widespread financial crisis, coupled with the sudden change in fortunes in the advertising market, proved too heady a cocktail for the market, which gradually lost faith in the broadcasters, a panorama which foreseeably could persist until there is a glimmer of a turnaround on the horizon.

Share price correction: 56.9%, from 17.51 euros to 7.55 euros.

Market value on last trading session of 2008: 1,862.1 million euros.

Trading volume: 4,350.2 million euros.

The intra-day high was recorded on January 2 (17.72 euros) and the low on October 10 (5.54 euros).

TREASURY SHARES

In 2008, pursuant to the authorization granted at the Annual General Meeting, the Company acquired treasury shares to cover the stock option plan still in effect for directors and key management.

By year-end the Company had acquired a total of 3,106,913 shares which cover the 2005 and 2007 stock option plans in full; a portion of the 2006 plan has still to be covered.

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HEDGING

The Company arranges foreign exchange hedges in connection with foreign currency denominated transactions (primarily the acquisition of external production rights). These hedges are designed to prevent exchange rate fluctuations from impacting the income statement via the accounts payable arising from these transactions. Specifically, the Company buys foreign currency forward for the amounts payable so as to match the forecast payment dates. These hedges are arranged when the Company recognizes the corresponding rights on the balance sheet.

BUSINESS OUTLOOK

In 2009 the Company's business will not prove immune to the general economic climate or to the ramifications this will have on demand for television advertising which is the core revenue driver at a generalist network such as Telecinco. Accordingly, the advertising sales strategy will be adapted as circumstances evolve, adjusting prices and volumes with a view to maximizing revenue as function of the intersection between supply and demand, the reaction of its direct competitors, and demands placed by the more active advertiser segments.

In terms of audience share targets, and in consideration of the network's relative positioning at the time of writing, the focus is to hold on to the leadership spot in the prime time slot and increase share in the day time slot with a view to achieving a more balanced mix so as to improve advertising yields. To this end, Telecinco has purchased the broadcasting rights to two prominent football events: The FIFA Confederations Cup to take place in June 2009, with the participation of some of the most prestigious footballing nations, including Spain, and the UEFA Cup, where broadcasts will begin in September 2009.

From a business standpoint, Telecinco will preserve its traditional attention to cost control, at all times circumscribed by the need to maintain a high quality programming line-up which is the calling card of competitiveness in terms of audience and advertising revenue. This is why the network believes its margins will remain the highest in the market despite intense competitive pressure.

In terms of financial health and solvency, the virtual absence of debt and the existence of sizeable credit lines on competitive market terms, place Telecinco in an enviable position in terms of content purchases and potential investment opportunities in light of prevailing high borrowing costs and persistent restricted access to credit at levels.

From an industry standpoint, the network plans to continue to focus on DTT broadcasting via Telecinco, Telecinco 2 and FDF Telecinco, optimizing content as a function of the actual business conditions, costs, viewers and scope for advertising monetization.

The network also plans to forge ahead with its production strategy predicated on active collaboration via medium term agreements with the companies in which it has taken non-controlling ownership stakes.

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Lastly, Telecinco plans to uphold its internet strategy, an initiative which has prompted it to overhaul its website and take a 100% stake in Conecta 5, which operates the network's content on the net.

SOCIAL RESPONSIBILITY

The growing importance that companies are attaching to socially responsible business practice is all the more important at Telecinco due to its visibility and role in the mass media. Among the various initiatives undertaken by Telecinco, "12 meses, 12 causas" (12 months, 12 causes) stands out because of how it harnesses the Company's full potential, namely the vast reach of a leading broadcaster. "12 meses, 12 causas" is a social awareness project created to inform and make the network's viewers more aware of the most topical social issues. To this end, Telecinco produces and broadcasts a spot each month conveying a specific message that seeks to engage and involve its viewers. In this way, Telecinco puts a sizeable chunk of its source of revenue, i.e. its limited advertising space, to work on behalf of society.

In addition, in order to reach a younger audience and maximize the impact of each cause, "12 meses, 12 causas" also conveys its messages through the network's programs, the website (www.12meses12causas.com) and special 360-degree initiatives in multiple media devised to boost interaction with viewers.

In-house, last year Telecinco continued to invest heavily in its employees' professional development, stepping up training, among other initiatives.

SHARE CAPITAL STRUCTURE

The Company's share capital totals 123,320,928 euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of 0.50 euros each.

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

Gestevisión Telecinco, SA is a member of the IBEX 35 index since January 3, 2005.

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RESTRICTIONS ON THE TRANSFER OF SECURITIES

There are no restrictions on the transfer of the shares except as provided in article 21 of Spain's Private Television Law, 10/1988, of May 3, pursuant to which:

1. Any individuals or legal entities intending to directly or indirectly acquire a significant ownership interest in the share capital of a concession holder shall give prior notification to the Ministry of Infrastructure and Development, indicating the percentage of the aforementioned ownership interest, the terms and conditions of the acquisition and the deadline for the transaction. A significant ownership interest in a concession holder of an essential television service shall be deemed to be a direct or indirect holding of at least five per cent of the share capital or of the voting rights attaching to the entity's shares.
2. The Ministry of Infrastructure and Development shall also be notified, in accordance with paragraph 1, of the intention to directly or indirectly increase the ownership interest so that the percentage ownership of the share capital or voting rights is equal to or exceeds any of the following thresholds: 5, 10, 15, 20, 25, 30, 35, 40 or 45 per cent.
3. The Ministry of Infrastructure and Development shall have three months from the date of entry of the related notification in any of the Department's registers to notify the acceptance or rejection of the intended acquisition. Acquisitions may be ruled out based on the lack of transparency of the structure of the group to which the acquirer may ultimately belong or on the existence of relations between the person or entity that intends to acquire the ownership interest and another concession holder of an essential television service that may breach the principle of non-concentration of media that underpins this Law.
4. The acquisition must be completed within a month of the aforementioned acceptance.
5. The provisions of this article shall apply without prejudice to the regulations governing significant ownership interests established in Securities Market Law 24/1988, of 28 July.
6. After the acquisition has been closed subject to the prior notification procedure provided for herein, the acquirer shall inform the Ministry of Infrastructure and Development, which shall file it in the Special Register of Concession Holders. In order for the registration to be completed, the seller shall also notify the Ministry of Infrastructure and Development of all transfers of shares by the concession holder which may result in a reduction of the ownership percentages below the thresholds established in paragraph 2 above.

Notifications of acquisitions or transfers in accordance herewith shall be made within a month of the related event.

SIGNIFICANT SHAREHOLDINGS

In so far as Telecinco's shares are represented via the book entry system, the shareholder register is managed by a third party entity, so that it is not possible to provide the Company's ownership structure in greater detail than disclosed legally-prescribed significant interests, which at the date of authorizing this report for issuance, were as follows:

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NAME	% direct shareholding	% indirect shareholding	% of total	Date of filing with regulator (CNMV)
BERLUSCONI ,SILVIO	0.000	50.135	50.135	27/01/2006
MEDIASET INVESTIMENTI S.P.A.	50.135	0.000	50.135	27/01/2006
VOCENTO, S.A.	5.080	0.000	5.080	13/01/2009
TWEEDY BROWNE COMPANY LLC	0.000	5.291	5.291	06/10/2008
TWEEDY BROWNE GLOBAL VALUE FUND	3.150	0.000	3.150	02/10/2008
FIDELITY INTERNATIONAL LIMITED	0.000	1.011	1.011	12/12/2008
HARRIS ASSOCIATES L.P.	0.000	4.708	4.708	14/10/2008

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

There are no shareholder agreements currently in force.

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.

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

Article 54 of the Company bylaws:

1. Directors shall be appointed for a period of five years and may be re-elected for one or more subsequent terms of equal length. The appointment shall lapse at the end of the term once the subsequent General Meeting has been held or at the end of the legal term established for calling the Annual General Meeting.
2. The appointment of directors designated by cooptation shall be deemed to have been made and the directors shall exercise their functions up to and including the date of the next General Meeting, without prejudice to the shareholders' powers of ratification at the General Meeting.
3. Independent directors may exercise their functions for a maximum period of twelve (12) years and may not be re-elected after such period except subject to a favorable report by the Appointments and Remuneration Committee.

Article 55.- Removal of directors

1. Directors shall cease to hold office when so determined at the General Meeting, when they notify the Company of their resignation or decision to stand down or when the term for which they were appointed elapses. In the latter case, the resignation shall be effective from the date of the earliest General Meeting.
2. Directors shall tender their resignation to the Board of Directors and the Board shall accept their resignation if deemed appropriate in the following situations: (a) when they reach the age of 70; (b) when they retire from the executive positions to which their appointment as directors was associated; (c) when they are involved in any applicable situations of incompatibility or prohibition; (d) when they have been seriously reprimanded by the Appointments and Remuneration Committee for having infringed their duties as directors; and (e) when their continuity as directors jeopardizes the Company's interests or adversely affects its prestige and reputation or when the reasons for which they were appointed cease to exist (e.g. when proprietary directors dispose of their ownership interest in the company).
3. Directors who stand down from the Board prior to the end of their mandate must submit a letter to all the members of the Board explaining the reasons for vacating office. The Company shall also notify the Spanish National Securities Market Commission (CNMV) of the resignation in a significant event filing and explain the reasons in the annual Corporate Governance Report.

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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.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

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

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

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

1. Except for matters reserved solely to General Meeting, the Board of Directors is the Company's highest decision-making body.
2. The Board of Directors has all the powers required to manage the Company. However, the management of the Company's ordinary business shall generally be entrusted to the steering committees and to the management team and the Board of Directors shall focus on establishing the Company's general strategy and exercising general supervisory functions. In any case, decisions on the following matters are the exclusive reserve of the Board of Directors and may not be delegated:

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

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

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

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

e) Payment of interim dividends.

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

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

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

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

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

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

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

m) Oversight of investing and financing policy.

n) Oversight of the shareholder structure of the Telecinco 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 fulfill.

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

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

t) Approval of Company policy on treasury shares.

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

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

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

x) Authorization, following a favorable report of the Audit and Compliance Committee, of the related-party transactions that Telecinco may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfill 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 Telecinco'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.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

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

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

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

These transactions may be undertaken:

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

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

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

9.2 Policy on treasury shares

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

9.3 General principles guiding trading in treasury shares

Trading in treasury shares shall conform to the following principles:

9.3.1 Compliance with regulations

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

9.3.2 Purpose

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

9.3.3 Transparency

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

9.3.4 Insider information

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

9.3.5 Neutrality in price formation

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

9.3.6 Brokerage

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

9.3.7 Counterparty

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

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

9.4 Stock option plans

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

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

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

9.5.1 Special duty of confidentiality

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

9.5.2 Duties

The Department shall be responsible for:

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

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

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

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

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

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

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

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

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

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

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

Position	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 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
General Manager	Termination of contract for reasons attributable to the Company or the suspension, modification or restriction of the manager's functions by the Company: the higher of the following indemnities: A) An indemnity starting at 1,020,000 euros, declining at 34,000 euros per month for the 30 months following execution of the agreement (30/01/2006) until reaching zero. B) 12 months current salary.
General Manager	Termination of contract by the Company (except for just cause): · Years of service between 22/01/01 and 31/12/04: 7 days' salary per year up to a maximum of 6 months' pay, or 20 days' salary up to a maximum of 12 months' pay, depending on the grounds for dismissal. · Years of service from 01/12/05: 45 days' salary per year worked up to a maximum of 12 months' pay. The salary base used for the calculation shall be the fixed salary plus bonus (subject to a minimum bonus of 30,000).

> GO TO : ANNUAL CORPORATE GOVERNANCE REPORT

GESTEVISIÓN TELECINCO, S.A. AND SUBSIDIARIES

AUDIT REPORT : GESTEVISIÓN TELECINCO, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Consolidated Management Report for the year ended December 31, 2008

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AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

(Free translation from the original in Spanish)

To the Shareholders of Gestevisión Telecinco, S.A.:

We have audited the consolidated annual accounts of Gestevisión Telecinco, S.A., which consist of the consolidated balance sheet at December 31, 2008, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended, the preparation of which is the responsibility of the directors of the parent company. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated annual accounts, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

In accordance with Spanish mercantile law, for comparative purposes the parent company's directors have included for each of the headings included in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the notes thereto, in addition to the figures of 2008, those of 2007. Our opinion refers only to the consolidated annual accounts for 2008. On February 28, 2008 other auditors issued their audit report on the 2007 consolidated annual accounts, in which they expressed an unqualified opinion.

In our opinion, the accompanying 2008 consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and financial position of Gestevisión Telecinco, S.A. and subsidiaries at December 31, 2008 and the consolidated results of its operations, of the changes in consolidated equity and of the consolidated cash flows for the year then ended, and contain the required information necessary for their adequate interpretation and understanding, in conformity with the international financial reporting standards adopted by the European Union, which are consistent with those applied in the previous year.

The accompanying 2008 consolidated management report contains such explanations as the parent company's directors consider appropriate concerning the situation of Gestevisión Telecinco, S.A. S.A. and its subsidiaries, the evolution of their business and other matters, and is not an integral part of the consolidated annual accounts. We have checked that the accounting information included in the consolidated management report mentioned above agrees with the 2008 consolidated annual accounts. 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 consolidated companies' accounting records.

ERNST & YOUNG, S.L.

(signed on the original in Spanish)
Antonio Vázquez Pérez

February 25, 2009

02.

GESTEVISIÓN TELECINCO, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts in thousands of euros)

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ASSETS	31/12/2008	31/12/2007
NON-CURRENT ASSETS		
Property, plants and equipments (Note 6)	**53,628**	**55,065**
Intangible assets (Note 7)	**5,491**	**5,489**
Audiovisual Property rights (Note 8)	**190,737**	**186,118**
Equity method investments (Note 9)	**237,417**	**438,300**
Non-current financial assets (Note 10)	**27,077**	**11,822**
Deferred Tax Assets (Note 17.6)	**26,309**	**19,555**
TOTAL NON-CURRENT ASSETS	**540,659**	**716,349**
CURRENT ASSETS		
Inventories	**7,224**	**3,461**
Accounts receivables	**240,397**	**256,413**
Trade receivables for sales and services	199,198	257,586
Trade receivables from related parties (Note 23.1)	1,238	2,088
Sundry receivables	-	11
Employee receivables	101	267
Income Tax current assets (Note 17.3)	13,766	10,170
Other receivable from public authorities	41,698	
Allowances	(15,604)	(13,709)
Other current assets	**4,165**	**9,265**
Other current financial assets(Note 11)	**2,220**	**7,000**
Cash and cash equivalents (Note 12)	**32,892**	**67,843**
TOTAL CURRENT ASSETS	**286,898**	**343,982**
TOTAL ASSETS	**827,557**	**1,060,331**

The accompanying Notes 1 to 23 are an integral part of the consolidated balance sheet at 31 December 2007.

Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with IFRS as adapted by the European Union. In the event of a discrepancy the Spanish language version prevails.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts in thousands of euros)

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EQUITY AND LIABILITIES	31/12/2008	31/12/2007
EQUITY (Note 13)		
Share Capital	123,321	123,321
Shares premium	37,013	37,013
Share based payment reserves	10,500	8,431
Other Reserves	160,912	138,158
Treasury Shares	(57,813)	-56,469
Foreign currency translation reserves	(36,839)	-13,327
Profit for the year attributable to the Parents	211,279	353,058
Total equity of the parents	448,373	590,185
Minority Interets	13,101	50,625
TOTAL EQUITY	461,474	640,81
NON-CURRENT LIABILITIES		
Provisions (Note 14)	43,802	90,091
Non-current liabilities (Note 15)	60,030	60,824
TOTAL NON-CURRENT LIABILITIES	103,832	150,915
CURRENT LIABILITIES		
Payable to related parties (Note 23.1)	43,014	46,225
Accounts payable for purchases and services	88,044	86,375
Accounts payable for audiovisual right	23,080	23,511
Other non-trade payables	38,859	67,481
Government grants and other loans	1,154	1,100
Income tax payable	-	27,328
Payables to public authorities (Note 17.3)	14,860	16,515
Payables for non-current asset acquisitions	3,174	7,116
Remuneration Payables	18,702	15,010
Other borrowings	969	412
Provisions (Note 16)	68,569	44,012
Other current Liabilities	685	1,002
TOTAL CURRENT LIABILITIES	262,251	268,606
TOTAL EQUITY AND CURRENT LIABILITIES	827,557	1,060,331

The accompanying Notes 1 to 23 are an integral part of the consolidated balance sheet at 31 December 2007.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007

(Amounts in thousands of euros)

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	31/12/2008	31/12/2007
INCOME		
Revenue (Note 21.1)	938,792	1,055,574
Sales	947,400	1,065,919
Discount and volume rebates	(42,284)	(45,692)
Revenue from the rendering of services	33,676	35,347
Other operating incomes	43,061	26,072
TOTAL OPERATING INCOME	981,853	1,081,646
EXPENSES		
Decrease in inventories of finished goods and work in progress	(3,821)	(1,511)
Procurements	165,910	141,933
Staff costs (Note 21.2)	89,218	84,853
Amortisation of audiovisual property rights	180,827	188,084
Depreciation and amortisation charge	6,046	4,698
Change in operating provisions (Note 21.3)	1,895	689
Other expenses	154,873	177,646
TOTAL OPERATING EXPENSES	594,948	596,392
PROFIT FROM OPERATIONS	386.905	485,254
Net finance income/expense (Note 21.5)	(3,055)	5,435
Exchange diferences(Nota 21.6)	(342)	(103)
Result of companies accounted for using the equity method	(175,821)	(3,070)
Impairment losses	(26)	-
Gains (losses) on disposals for current assets	(11)	(73)
PROFIT BEFORE TAX	207,650	487,443
Income tax (Note 17.4)	23,125	137,421
PROFIT FOR THE YEAR (BENEFITS)	184,525	350,022
ATTRIBUTABLE TO:		
Shareholders of the Parents	211,279	353,058
Minority interests	(26,755)	(3,036)
Earnings per share (Note 22.1)	0.87	1.44
Diluted earnings per share (Note 22.2)	0.87	1.44

The accompanying Notes 1 to 23 are an integral part of the consolidated income statement at 31 December 2008.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2008 AND 2007(Amounts in thousands of euros)

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	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Share based payment reserve	Other Reserves	Foreign currency translation reserve	Profit of the year	Dividends	Total equity of the parent	Minority Interest	Total
BALANCE AT 31.12.2006	123,321	24,664	37,013	(56,469)	8,431	113,494	(13,327)	353,058	0	590,185	50,625	640,810
Change in measurement of derivative financial instruments						(10,419)		0	0	(10,419)	(3,507)	(13,926)
Foreign currency translation reserve							(23,512)			(23,512)	(7,263)	(30,775)
Total recognized income and expense	0	0	0	0	0	(10,419)	(23,512)	0	0	(33,931)	(10,770)	(44,701)
Profit for the year								211,279		211,279	(26,755)	184,525
Total recognized income and expense	0	0	0	0	0	(10,419)	(23,511)	211,279	0	177,349	(37,525)	139,824
Dividends	-	-	-	-	-	35,496	-	(353,058)	-	(317,562)	-	(317,562)
Treasury shares	-	-	-	(1,344)	-	-	-	-	-	(1,344)	-	(1,344)
Share based payment reserve	-	-	-	-	2,069	-	-	-	-	2,069	-	2,069
other changes	-	-	-	-	-	(2,323)	-	-	-	(2,323)	-	(2,323)
Minority interests	-	-	-	-	-	-	-	-	-	0	-	0
BALANCE AT 31-12-07	123,321	24,664	37.013	(57,813)	10,500	126,249	(36,839)	211,279	0	448,374	13,101	461,474

The accompanying Notes 1 to 23 are an integral part of the consolidated statement at 31 December 2008.

	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Share based payment reserve	Other Reserves	Foreign currency translation reserve	Profit of the year	Dividends	Total equity of the parent	Minority Interest	Total
BALANCE AT 31.12.2006	123,321	24,664	37,013	(25,838)	5.034	120,009		314,249	0	598,452	524	598,976
Change in measurement of derivative financial instruments	-	-	-	-	-	(4.900)	-	-	-	(4.900)	(1.880)	(6.780)
Foreign currency translation reserve	-	-	-	-	-	-	(13,327)			(13,327)	(4,983)	(18,310)
Total recognized income and expense	0	0	0	0	0	(4,900)	(13,327)	0	0	(18,227)	(6,863)	(25,090)
Profit for the year	-	-	-	-	-	-	-	353,058	-	353,058	(3,036)	350,022
Total recognized income and expense	0	0	0	0	0	(4,900)	(13,327)	353,058	0	334,831	(9,899)	324,932
Dividends	-	-	-	-	-	-	-	(314,249)		(314,249)	-	(314,249)
Treasury shares	-	-	-	(30,631)	-	-	-	-	-	(30,631)	-	(30,631)
Share based payment reserve	-	-	-	-	3,397	-	-	-	-	3,397	-	3,397
other changes	-	-	-	-	-	(1,615)	-	-	-	(1,615)	-	(1,615)
Minority interests	-	-	-	-	-	-	-	-	-	0	60,000	60,000
BALANCE AT 31-12-07	123,321	24,664	37,013	(56,469)	8,431	113,494	(13,327)	353,058	-	590,185	50,625	640,810

The accompanying Notes 1 to 23 are an integral part of the consolidated statement at 31 December 2008.

BALANCE SHEETS AT 31 DECEMBER 2008 AND 2007
(Thousands of euros)

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	31/12/2008	31/12/2007
CASH FLOWS FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	207,650	487,444
ADJUSTMENT FOR:		
Amortisation of audiovisual property rights	180,826	188,084
Depreciation and amortization charge	6,048	4,698
Result of companies accounted for using the equity	175,821	3,070
Change in provisions for contingencies and charges	(21,732)	11,020
Proceeds from dispossal of property, plants and equipment	11	73
Profit attributable to minority interests	0	3,035
Net finance income	3,055	(5,436)
Net exchange differences	342	103
Disposals of non-current assets	2,021	
Gains (losses) from derecognition and disposals of non-current financial assets	26	
PROFITS FROM OPERATIONS BEFORE CHANGES IN WORKING CAPITAL	554,068	692,091
CHANGE IN OPERATING ASSETS AND LIABILITIES NET OF THE IMPACT OF ACQUISITION OF NEW INVESTMENTS		
Inventories	(3.763)	(1,593)
Accounts receivable	61.132	(27,110)
Other current assets	6.460	10,482
Account payables	(1.974)	17,740
Other current liabilities	(261)	(2,691)
Change in provisions	-	3,440
Cash flows from operating activities	615.663	692,359
Taxes paid at sources	(100,174)	(138,932)
NET CASH FLOWS FROM OPERATING ACTIVITIES (A)	515,489	553,427
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in property, plant and equipment	(6,590)	(8,804)
Investment in intangible assets	(2,430)	(2,726)
Investments in audivisual property rights	(186,798)	(172,420)
Investment in non-current financial assets		4,175
Disposals of non-current assets		(366)
Disposals of non-current financial assets	158	1,511
Investments in subsidiaries	(22,082)	(465,996)
Investment in other non-current financial assets	(14,896)	
Dividend received	1,641	1,213
Interest received	3,829	9,817
NET CASH FLOWS FROM INVESTING ACTIVITIES	(227,168)	(633,597)
CASH FLOW USED IN FINANCING ACTIVITIES		
Long term financing	(794)	57,886
Interest paid	(3,915)	(537)
Dividends paid	(317,562)	(314,249)
Shareholders' contribution		56,449
Acquisition of treasury shares	(1,344)	(30,825)
Gain on disposals of shares	-	40
Disposal of treasury shares	-	194
NET CASH FLOWS USED IN FINANCING ACTIVITIES (C)	(323,615)	(231,041)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	(35,294)	(311,108)
NET FOREIGN EXCHANGE DIFFERENCE	342	103
NET CHANGE IN CASH AND CASH EQUIVALENTS	(34,952)	(311,108)
Cash and cash equivalents at beginning of the year (Note 12)	67,843	378,951
Cash and cash equivalents at end of the year (Note 12)	32,892	67,843

The accompanying Notes 1 to 23 are an integral part of the consolidated statement at 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

1. CORPORATE PURPOSE OF THE GESTEVISIÓN TELECINCO, S.A. GROUP COMPANIES

GESTEVISIÓN TELECINCO, S.A. – PARENT

GESTEVISIÓN TELECINCO, S.A. ("the Company" or "the Parent") was incorporated in Madrid on 10 March 1989. Its registered office is at Carretera de Fuencarral a Alcobendas, nº 4, 28049 Madrid.

The Company is engaged in the indirect management of a public television service in accordance with the terms of the concession granted by the State, by virtue of the Resolution of 28 August 1989 of the General Secretariat of Communications, and of the concession agreement executed in a public deed on 3 October 1989, and the performance of all the operations that are naturally required for or are the consequence of said management.

Through a Resolution of the Council of Ministers dated 10 March 2000, this concession was renewed for a period of ten years from 3 April 2000. The Parent made all the necessary investments to begin digital broadcasts pursuant to Royal Decree 2169/1998, of 9 October, which approved the Spanish National Technical Plan for Digital Terrestrial Television.

Under a Council of Ministers Resolution dated 25 November 2005, the concession agreement was extended along with those of the other concession operators in Spain, by granting concessions for three Digital Terrestrial Television (DTT) channels.

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

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 Telecinco Group ("the Group"). Consequently, Gestevisión Telecinco, S.A. is required to prepare, in addition to its individual annual accounts, consolidated annual accounts for the Group, which also include its investments in associates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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The consolidated Group companies are as follows:

FULLY CONSOLIDATED COMPANIES	COUNTRY	2008	2007
Grupo Editorial Tele5, S.A.U.	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Cinematext Media, S.A.	Spain	60%	60%
Conecta 5 Telecinco, S.A.U.	Spain	100%	100%
Mediacinco Cartera, S.L.	Spain	75%	75%
Atlas Media, S.A.U. (1)	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. (1)	Spain	100%	100%
MiCartera Media, S.A.U. (1)	Spain	100%	100%
Publimedia Gestión, S.A.U. (2)	Spain	100%	100%
Advanced Media, S.A.U. (2)	Spain	100%	100%
Cinematext Media Italia, S.R.L. (3)	Italy	60%	60%
Canal Factoría de Ficción, S.A.U. (*)	Spain	100%	40%
Telecinco Factoría de Producción, S.L.	Spain	100%	-

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	COUNTRY	2008	2007
Premiere Megaplex, S.A.	Spain	50%	50%
Canal Factoría de Ficción, S.A. (*)	Spain	-	40%
Pegaso Televisión, Inc.	USA	35%	-
Edam Acquisition Holding I Coöperatief U.A. (4)	Holand	33%	33%
Aprok Imagen, S.L. (1)	Spain	40%	40%
Producciones Mandarina, S.L. (1)	Spain	30%	30%
La Fábrica de la Tele, S.L. (1)	Spain	30%	30%
Publieci Televisión, S.A. (2)	Spain	50%	50%

(*) During the first quarter of 2008, the group increased its ownership interest in this company from 40% to 100%, therefore this company is now fully consolidated.

(1) The ownership interests in these companies are held through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U. (Atlas España, S.A.U.).

(2) The ownership interests in these companies are held through Publiespaña, S.A.U.

(3) The ownership interest in this company is held through Cinematext Media, S.A.

(4) The ownership interest in this company is held through Mediacinco Cartera, S.L.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 Gestevisión Telecinco S.A.)

Grupo Editorial Tele5, 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.

The company is engaged, inter alia, in 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.

Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U. was incorporated in Madrid on 21 January 1998. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in acting as a news agency and, accordingly, it carries out journalistic activities for any public communication media: the written press, radio, television and audiovisual media in general. It also produces, records, executes and performs post-production activities and all other activities that are required to broadcast, in any format, news programmes and audiovisual programmes in general.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The company's corporate purpose 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.

La Sociedad tiene por objeto la realización de las siguientes actividades:

- 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 activities.

Cinematext Media, S.A. (participada al 60%)

Cinematext Media, S.A. was incorporated in Madrid on 1 December 2000. Its registered office was located initially in Majadahonda (Madrid) at Calle Benavente, 5, Bajo Izquierda. At the Extraordinary General Meeting held on 21 December 2000, it was resolved to transfer the registered office to Carretera de Fuencarral a Alcobendas, nº 4, Madrid.

The company is engaged in providing subtitling services for the film, video and television industries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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.

The company is engaged in exploiting audiovisual content on the Internet.

Mediacinco Cartera, S.L. (participada al 75%)

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.

The company is engaged in:

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Canal Factoría de Ficción S.A.

Canal Factoría de Ficción, S.A. was incorporated on 2 November 2000, establishing its registered address in Madrid, Carretera de Fuencarral a Alcobendas km 12,450.

The company is engaged in:

a) The production and distribution of all types of audiovisual programs and products, in any technical support format produced either by the Company itself or by third parties; in particular, the production of television programs as well as their structuring and/or total or partial inclusion in television channel programming.

b) The marketing and advertising of audiovisual as well as related products.

c) The management of audiovisual companies.

d) The preparation of studies and reports on matters relating to the above or related activities as well as the provison of consulting and advisory services.

The sequence of events that took place at Canal Factoría de Ficción, S.A.U. in 2008 is as follows:

- On 25 July 2008, the Company became the owner of all of Canal Factoría's share capital, through the acquisition of the portion of that share capital held by other shareholders.
- On 28 July 2008, the company was reactivated, thereby nullifying the 20 December 2007 dissolution agreement and allowing the company to resume its activity. In addition, the company's registered office was changed to the Carretera de Fuencarral to Alcobendas, No. 4 28049, Madrid (registered at the Mercantile Registry on 28 September 2008).
- On 28 July 2008, the company was declared a single-shareholder entity (registration at the Mercantile Registry on 25 September 2008).

Telecinco Factoría de Producción, S.L.U.

This company is engaged in the production, distribution and exploitation of audiovisual products as well as exploition of intellectual and industrial property rights. It also provides financial intermediation and management services to audiovisual companies.

On 1 July 2008, the company Telecinco Factoría de Producción, S.L.U, 100%-owned by Gestevisión Telecinco, S.A., whose registered office is located at the Carretera de Fuencarral to Alcobendas, No. 4, 28049, Madrid, was incorporated at the Mercantile Registry.

On 31 December 2008, the sole shareholder decided to change the company's corporate name to Big Bang Media, S.L. The registered office was also changed to C/ Almagro 3, 4º izquierda, Madrid. In addition, the share capital was increased, such that Gestevisión Telecinco, S.A., partially renounced the exercise of its preemptive right, and its interest in the company was reduced to 30%. The date of execution of these agreements was 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2. Fully consolidated companies (wholly-owned through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U.)

Atlas Media, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U. was incorporated on 22 December 1997. Its registered office is in Sant Just Desvern, at C/Bullidor s/n.

On 28 May 2004, the company's sole shareholder, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., resolved to change the company's corporate name to Atlas Media, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. was incorporated in Bilbao on 16 July 1998. Its registered office is in Bilbao, at Ribera de Elorrieta, pab. 7-9, Vizcaya.

The company and the preceding company is engaged in acting as a news agency and, accordingly, they carry on journalistic activities for any public communication media, the written press, radio, television and audiovisual media in general.

MiCartera Media, S.A.U.

Mi Cartera Media, S.A.U. was incorporated in Madrid on 15 February 2001. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

This company is engaged in the multimedia exploitation of economic and financial formats and content.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

3. Fully-consolidated companies (wholly-owned through Publiespaña, S.A.U.)

Publimedia Gestión, S.A.U.

Publimedia Gestión, S.A.U. was incorporated in Madrid on 23 November 1999. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in:

- The creation, acquisition, production, co-production, editing, filming or recording, reproduction, broadcasting, dissemination, distribution, marketing and, in short, operation by any means of all manner of audiovisual, written or electronic works or recordings, together with the rights relating thereto.
- The performance and creation of advertising projects and 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 direct or indirect creation, acquisition, marketing and exploitation, by any means, of brands, patents and any other type of intellectual property or rights of publicity, and of any objects, models or methods that are capable of being used as a support for the exploitation of the above-mentioned rights.
- The performance of activities relating directly or indirectly to marketing, merchandising or any other commercial activity.
- The organisation and production of cultural, sports, musical or any other event and the acquisition and exploitation, by any means, of all manner of rights relating thereto.
- The provision of advisory, analysis and management services, using any procedure, relating to the aforementioned activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Advanced Media, S.A.U.

Advanced Media, S.A.U. was incorporated in Madrid on 7 October 1999. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company is engaged in:

- The publishing, production and publication in any format of books, newspapers, magazines and printed matter of all kinds.
- The performance and execution of advertising projects and all work relating to the commissioning, intermediation and dissemination of advertising messages in all possible formats.
- The performance of activities relating to marketing, merchandising and any other commercial activity.
- The production of audiovisual programmes and intermediation in the markets for intellectual property rights of all types.

4. Fully-consolidated company (60% owned through Cinematext Media, S.A.)

Cinematext Media Italia, S.r.L.

This company was formed on 10 February 2005. Its registered office is at Via Marconi, nº 27, 20090 Segrate, Milan.

It is engaged in the dubbing and subtitling of audiovisual works and recordings.

The balance sheet date of all these companies is 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 Gestevisión Telecinco, S.A.

COMPANY	OWNERSHIP INTEREST	LINE OF BUSINESS
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4 28016 Madrid	50%	Operation of cinemas
Pegaso Televisión Inc. 1401 Brickell Avenue – Ste 500 Miami, Florida	35%	Channeling of the investment in Caribevisión Network, a TV broadcaster in the east cost of the US and in Puerto Rico

2. Indirect ownership through Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.

COMPANY	OWNERSHIP INTEREST	LINE OF BUSINESS
Aprok Imagen S.L. C/ Martínez Corrochano, 3 28007 Madrid	40%	News agency
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	Creation, development, production and commercial exploitation of audiovisual content
La Fábrica de la Tele, S.L. C/ Angel Gavinet, 18 28007 Madrid	30%	Creation, development, production and commercial exploitation of audiovisual content

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

COMPANY	OWNERSHIP INTEREST	LINE OF BUSINESS
Publieci Televisión, S.A. C/ Hermosilla, 112 28009 Madrid	50%	Sale of products and services targeted at the end consumer

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

COMPANY	OWNERSHIP INTEREST	LINE OF BUSINESS
Edam Acquisition Holding I Coöperatief U.A. Flevolaan 41 a 1411 KC Naarden Ámsterdam	33%	Channelling of the investment of the consortium formed by Goldman Sachs Capital Partners, Cyrte Fund II B.V. and Mediacinco Cartera S.L. in Endemol N.V., a company engaging in the creation, production and exploitation of content for television and other audiovisual platforms.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2. BASIS OF PRESENTATION AND COMPARABILITY OF THE CONSOLIDATED ANNUAL ACCOUNTS

2.1. FAIR PRESENTATION AND CONFORMITY WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group's consolidated annual accounts for 2007 were formally prepared:

- By the directors, at the Board of Directors Meeting held on 25 February 2009.
- 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 annual accounts, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in these Notes to the consolidated annual accounts.
- The consolidated financial statement 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 2007 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 head company of a Group and in accordance with Royal Decrete 1815/1991 of 20 December it is required to prepare a set of consolidated financial statement under IFRS-EU due that it is a listed group.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated annual accounts for 2007 (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 2008 consolidated annual accounts of the Group and the 2008 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 consolidated income statement is presented on the basis of the nature of expenses.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2.2. RESPONSIBILITY FOR THE INFORMATION AND USE OF ESTIMATES

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

In preparing the Group's consolidated annual accounts for 2008, certain estimates and assumptions were made on the basis of the best information available at 31 December 2008 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

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

Impairment of non current assets

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

If there is an 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.

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

In the event the Group or any of its Group companies have 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 recoverablilty and the related impairment loss recorded where recoverability is not assured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Provisions

The Group recognizes provisions for risks in accordance with the accounting policy set forth in Note 4.18 The Group has made judgements and estimates regarding the probability of the occurrence of said risks, as well as the amount thereof, and has recognized a provision when the risk has been considered likely, estimating the cost that such an occurrence would represent for it.

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2.3. COMPARATIVE INFORMATION

As required by IAS 1, the information relating to 2008 contained in these notes to the consolidated annual accounts is presented, for comparison purposes, with similar information relating to 2007.

a) Changes in presentation of the consolidated balance sheet:

The Group has made changes to the presentation of the consolidated balance sheet. Accordingly, the amounts shown in equity corresponding to stock option plans which were formerly classified in the share premium account have been reclassified to other reserves.

In addition, as explained in Note 9, the investee Edam Adquisition Holding I Cooper U.A. has recalculated, for the period from 3 July to 31 December 2007, the effects of exchange differences relating to certain values allocated to cash-generating units whose currency is not the euro, for purposes of allocating the acquisition price that followed the purchase of shares under the terms of IAS 21.

These changes have been made retrospectively, giving rise to the following differences between the headings from 2007 shown in these consolidated annual accounts and those shown in the 2007 financial statements:

	(*)	(**)	
	31.12.07	**31.12.07**	**Difference**
Share premium	37,013	46,126	(9,113)
Share option plan reserve	8,431	-	8,431
Other reserves	113,495	115.337	(1,842)
Currency translation differences	(13,327)	-	(13,327)
Minority interests	50,625	56,469	(5,844)
Total equity	**196,237**	**217,932**	**(21,695)**
Equity method investments	**438,300**	**459,995**	**(21,695)**

(*) Consolidated balance sheet figures from 2007 adapted to new classification criterion.
(**) Consolidated balance sheet figures from 2007 as shown in the 2007 consolidated annual accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

b) Changes in presentation of and classifications in the consolidated cash flow statement

To improve the presentation of the consolidated cash flow statement and ensure that it provides a fair presentation of cash flows from the Group's operations, changes were made in its presentation. Accordingly, cash flows corresponding to acqusitions of audiovisual rights have been reclassifed in the 2008 consoldiated financial statements to cash from investing activities. In the 2007 consolidated annual accounts, these cash flows were classified as cash from operating activities. This reclassification has been made retrospectively, giving rise to the following differences between the consolidated cash flows from 2007 shown in these consolidated annual accounts and those shown in the 2007 financial statements:

	31/12/2007 (*)	31/12/2007 (**)
Cash flows from operating activities	692,359	519,939
Cash flows from investing activities	(633,597)	(461,176)

(*) Consolidated cash flow statement figures from 2007 adapted to the new classification criterion.

(**) Consolidated cash flow statement figures from 2007 as shown in the 2007 annual accounts.

c) Change in the presentation of and classifications in the consolidated statement of changes in equity

Due to the change in presentation made to the consolidated balance sheet described in paragraph a) above, the Group has likewise modified the presentation of the consolidated statement of changes in equity. This change entailed reclassifying the amounts corresponding to share option plans from the share premium account to "Share option plans".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

2.4. STATEMENT OF COMPLIANCE

The consolidated annual accounts of the Group have been prepared in accordance with International Financial Reporting Standards (IFSR) as issued by the International Accounting Standards Board (IASB) and in force at 1 January 2008.

2.5. AS OF THE DATE THESE CONSOLIDATED ANNUAL ACCOUNTS WERE APPROVED FOR THEIR SUBMISSION TO THE GENERAL SHAREHOLDERS' MEETING, THE GROUP HAS ELECTED NOT TO IMPLEMENT THE EARLY APPLICATION OF THE FOLLOWING NON-MANDATORY IFRS STANDARDS AND INTERPRETATIONS:

Standards and amendements		Mandatory in financial years beginning on or after
NIIF 8	Operating Segments	1 January 2009
Amendment to IAS 23	Interest expense	1 January 2009 (**)
Amendment to IAS 1	Presentation of Financial Statements – Revised presentation	1 January 2009
Revised IFRS 3 (*)	Business combinations	1 July 2009
Revised IFRS 27 (*)	Individual and consolidated annual accounts	1 July 2009
Amendment to IFRS 2	Share-based payments: vesting conditions and cancellations	1 January 2009
Amendments to IAS 32 and IAS 1	Puttable financial instruments and obligations arising on liquidation	1 January 2009
Amendments to IFRS 1 and IAS 27	Cost of an investment in a group company, associate or joint venture	1 January 2009
Amendments to IAS 39 (*)	Eligible hedged items	1 July 2009
Revised IFRS 1 (*)	First-time adoption of IFRS	1 July 2009
IFRS improvements		1 January 2009 (***)

(*) Not adopted by the European Union.

(**) Financial costs related to qualified capitalized assets as of 1 January 2009.

(***) Improvements to IFRS 5 are applicable in financial years beginning on or after 1 July 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Interpretations		Mandatory in financial years beginning on or after
IFRIC 12 (*)	Service Concession Arrangements	1 January 2009
IFRIC 13	Customer Loyalty Programs	1 July 2008
IFRIC 14	The limit on a defined benift asset, minimum finding requirements and their interaction	1 January 2009
IFRIC 15 (*)	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16 (*)	Hedge of a net investment in a foreign operation	1 October 2008
IFRIC 17 (*)	Distribution of Non-cash Assets to Owners	1 July 2009
IFRIC 18 (*)	Transfer of Assets from Customers	1 July 2009 (**)

(*) Not adopted by the European Union.
(**) Applicable to transactions carried out on or after 1 July 2009.

The Group is currently analyzing the material impact of the adoption of the aforementioned standards, amendments and interpretations. Given that the number of modifications is significant, they may have some impact on the consolidated annual accounts in the period of their initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

3. PROPOSED DISTRIBUTION OF THE PROFIT OF THE PARENT

The distribution of the Parent's net profit for 2008 that its Board of Directors will propose for approval by the shareholders at the Annual General Meeting 2007 and the distribution of the Parent's net profit approved by the Annual General Meeting are as follows:

DISTRIBUTABLE PROFIT	2008	2007
Profit for the year	**269,222**	**319,331**
Appropriation to:		
Voluntary reserves	58,950	1,769
Dividends	210,272	317,562
TOTAL	**269,222**	**319,331**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4. ACCOUNTING POLICIES

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

4.1. BASIS OF CONSOLIDATION

The Group's consolidated annual accounts 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.

All the Group companies have the same individual balance sheet date and apply accounting policies on a uniform basis.

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 balance sheet and income statement headings of consolidated foreign companies are translated to euros at the year-end exchange rate, which means:

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

The difference between the equity of foreign companies, including the balance of the 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 balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.3. RELATED PARTIES

The corresponding heading in the consolidated balance sheet 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 balance sheet headings.

4.4. CURRENT/NON-CURRENT CLASSIFICATION

In the accompanying consolidated balance sheet, 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 7 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 intial 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Trademarks and trade names

These are the intellectual property relating to the licences to use the following trademarks:

- Tele 5, granted for a period of ten years and amortised on a straight-line basis over the ten-year period following the grant date.
- Publiespaña, amortised on a straight-line basis over ten years.
- Atlas, amortised on a straight-line basis over ten years.
- Canal Factoría de Ficción, amortised on a straight-line basis over ten years

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

These rights are recognised in the 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 4.10.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.7.2. Series in-house production rights

These include productions owned by the Group, which may subsequently sell them.

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

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 income statement under "Amortisation of Audiovisual Property Rights", based on the number of screenings, as follows:

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 4.1.

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 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 annual accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 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 annual accounts.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.8. 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 balance sheet 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 recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the statements of changes in equity.

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

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

4.9. FINANCIAL ASSETS

Financial assets are initially recognised at fair value, including, in 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 balance sheet maturing in 12 months or less from the consolidated balance sheet 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 preceeding 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 income statement, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the income statement.

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).

The Group does not have any held-for-trading financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.10. IMPAIRMENT OF NON CURRENT ASSETS

Impairment of non-financial assets

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

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

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

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

Impairment losses in respect of Cash-Generating Units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and, then, to reduce the carrying amount of the other assets based on a review of the individual assets that show indications of impairment.

At each reporting date the group assess if there are indications that a, a previously recognized 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 recognized can be reverted if there there has been a change in the circumstances that caused it. Such reversal is recognized 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 recognized for the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Financial assets

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

Assets carried at amortized cost

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

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

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

Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized 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 recognized in the income statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.11. 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.

4.12. 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.

4.13. DEBT TRANSFORMABLE INTO GRANTS

Such loans received are recognized 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 income statement according to a basis.

4.14. TREASURY SHARES

Treasury shares are recognized as a reduction of capital and reserves. Gains or losses on the sale of these shares are recognized in “Other reserves.”

4.15. FINANCIAL LIABILITIES

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.16. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

4.17. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough 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.

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 income statement.

4.18. PROVISIONS AND CONTINGENCIES

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.19. INCOME TAX

The Parent, Gestevisión Telecinco, S.A., files consolidated income tax returns with the following subsidiaries:

- **Grupo Editorial Tele5, S.A.U.**
- **Telecinco Cinema, S.A.U.**
- **Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.**
- **Atlas Media, S.A.U.**
- **MiCartera Media, S.A.U.**
- **Publiespaña, S.A.U.**
- **Publimedia Gestión, S.A.U.**
- **Advanced Media, S.A.U.**
- **Mediacinco Cartera, S.L.**
- **Conecta 5 Telecinco, S.A.U.**

The income tax expense for the year is recognised in the income statement, except in cases in which it relates to items that are recognised directly in 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 balance sheet date and including any tax adjustments from previous years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Group recognizes deferred tax liabilities for all taxable temporary differences, 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 assts are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

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

- where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability 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 difference can be controlled and it's probable that the temporary difference will net reverse in the foreseable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 unrecognized deferred income tax assets at each balance sheet date and recognizes them to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.20. REVENUE AND EXPENSE RECOGNITION

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

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.

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

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

4.21. EQUITY-SETTLED TRANSACTIONS

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

The options's 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.

4.22. TRANSACTIONS IN FOREIGN CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

4.23. 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.

4.24. ENVIRONMENTAL ISSUES

In view of the business activities carried out by the Company, it does not have any environmental liability, expenses, assets, provisions or contigencies 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

Activities of the Group are not distributed into different operating segments. Therefore, no specific disclosures relating to environmental issues are included in these notes to the consolidated annual accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008 and 2007 is as follows:

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ZOOM

	BALANCE AT 31.12.06	ADDITIONS	DISPOSALS	TRANSFER	CHANGE IN THE SCOPE OF CON-SOLIDATION	BALANCE AT 31.12.07	ADDITIONS	DISPOSALS	TRANSFER	BALANCE AT 31.12.08
COSTE										
Land and natural resources	14,892	0	-	78	-	14,970				14,970
Buildings and other structures	28,586	44	-	2,595	-	31,225	458		539	32,222
Machinery, plants and tools	93,432	2,464	(3,775)	1,458	20	93,599	4,429	(4,793)	2321	95,556
Furniture and fixture	5,369	506	(43)	(21)	91	5,902	385	(667)	6	5,626
Computer Hardware	16,274	1,465	(1,796)	-	-	15,943	881	(2,790)	1,904	15,938
Other Items of property, plant and equipment	1,154	4	(79)	-	-	1,079	67	(368)		778
Property, plant and equipment in the course of construction	4,487	4,321	0	(4,110)	-	4,698	370	(13)	(4,906)	149
TOTAL COST	164,194	8,804	(5,693)	0	111	167,416	6,590	(8,630)	(136)	165,239
ACCUMULATED DEPRECIATION										
Buildings and other structures	(13,725)	(1,183)	-	-	-	(14,908)	(1,275)			(16,183)
Machinery, plants and tools	(77,557)	(5,084)	3,770	(4)	(20)	(78,895)	(4,759)	4,643		(79,012)
Furniture and fixtures	(3,632)	(367)	31	4	(53)	(4,017)	(377)	622		(3,773)
Computer Hardware	(14,143)	(970)	1,744	-	-	(13,369)	(1,368)	2,779		(11,958)
Other items of property, plants and equipment	(1,058)	(36)	74	-	-	(1,018)	(31)	364		(685)
TOTAL ACCUMULATED DEPRECIATION	(110,113)	(7,640)	5,619	0	(73)	(112,207)	(7,811)	8,407	0	(111,611)
PROVISIONS	(53)	(144)	53	-	-	(144)	-	144	-	(0)
CARRYING AMOUNT	54,028	(1,020)	(21)	0	38	(55,065)	(1,221)	(79)	(136)	53,628

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The breakdown of the fully depreciated property, plant and equipment in use at 31 December 2008 and 2007 is as follows:

	2008	2007
Computer hardware	9,582	11,111
Technical machinery, fixtures and tools	54,087	62,420
Furniture	1,893	2,859
Other items of property, plant and equipment	523	128
TOTAL	**66,085**	**76,518**

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

7. INTANGIBLE ASSETS

The breakdown of the balances of “Intangible Assets” and of the changes therein in the years ended 31 December 2008 and 2007 is as follows:

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ZOOM

	BALANCE AT 31.12.06	ADDITIONS	DISPOSALS AND OTHER	TRANSFERS	BALANCE AT 31.12.07	ADDITIONS	DISPOSALS AND OTHER	TRANSFERS	BALANCE AT 31.12.08
COST									
Development Expenditure	723	229	-	(625)	327	657	(12)	(276)	696
Concessions, patents and trademarks	33,682	-	-	-	33,682	300		(906)	33,076
Computer software	15,983	1,623	(431)	875	18,050	1,235	(997)	1,397	19,685
Computer software in progress	345	874	(91)	(250)	878	238	(2)	(984)	130
Advance on intangible assets	0	-	-	-	-				-
TOTAL COST	50,733	2,726	(522)	-	52,937	2,430	(1,011)	(770)	53,586
ACCUMULATED AMORTISATION									
Concessions, patents and trademarks	(33,123)	(136)	-	-	(33,259)	(31)		906	(32,384)
Computer software	(12,904)	(1,699)	414	-	(14,189)	(2,517)	995		(15,711)
TOTAL ACCUMULATED AMORTISATION	(46,027)	(1,835)	414	0	(47,448)	(2,548)	995	(906)	(48,095)
PROVISIONS	(8)	-	8	-	-				-
CARRYING AMOUNT	4,698	891	(100)	0	5,489	(118)	(16)	136	5,491

The breakdown of the fully amortised intangible assets in use at 31 December 2007 and 2006 is as follows:

	2008	2007
Computer software	11,095	11,147
Concessions, patents and trademarks	19,256	19,256
TOTAL	**30,351**	**30,403**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2007 and 2006 is as follows:

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	BALANCE AT 31.12.06	ADDITIONS	DISPOSALS	TRANSFERS AND OTHERS	BALANCE AT 31.12.07	ADDITIONS	DISPOSALS	TRANSFERS AND OTHERS	BALANCE AT 31.12.08
COST									
Audiovisual property rights	351,053	43,991	(58,622)	13,604	350,026	37,023	(71,742)	8,561	323,869
Master copies	27	1	(5)	-	23	1	(5)	-	19
Dubbing	6,486	380	(434)	-	6,432	362	(121)	-	6,673
Co-production rights	57,289	1,011	-	8,234	66,534	(765)	-	16,525	82,294
In-house rights	634,385	92,166	-	6,547	733,098	97,191	-	5,451	835,740
Distribution rights	11,369	27	(754)	1,338	11,980	450	-	(933)	11,497
Other ancillary work	596	57	-	-	653	58	-	-	711
Rights, options, scrip develop.	91	200	-	-	291	391	-	-	682
Start-up costs	220	0	-	30	250	0	-	-	250
Advances	34,007	39,455	(505)	(33,318)	39,639	52,086	(889)	(29,604)	61,232
TOTAL COST	1,095,523	177,288	(60,320)	(3,565)	1,208,926	186,798	(72,756)	0	1,322,967
ACCUMULATED AMORTISATION									
Audiovisual property rights	(212,598)	(70,631)	57,550	(156)	(225,835)	(60,466)	71,628	-	(214,672)
Master copies	(20)	(3)	5	-	(18)	(3,143)	5	-	(16)
Dubbing	(5,505)	(553)	434	(3)	(5,627)	(446)	121	-	(5,952)
Co-production rights	(26,738)	(18,832)	-	-	(45,570)	(22,415)	-	-	(67,985)
In-house rights	(617,201)	(90,780)	-	-	(707,981)	(103,033)	-	-	(811,014)
Distribution rights	(9,200)	(1,693)	754	-	(10,139)	(1,358)	-	-	(11,497)
Other ancillary work	(519)	(23)	-	-	(542)	(132)	-	-	(674)
Start-up costs	(175)	(27)	-	-	(202)	(12)	-	-	(214)
TOTAL ACCUMULATED DEPRECIATION	(871,956)	(182,542)	58,743	(159)	(995,914)	(187,865)	71,754	-	(1,112,025)
PROVISIONS	(21,785)	(21,288)	16,179	-	(26,894)	(16,248)	22,937	-	(20,205)
TOTAL AUDIOVISUAL RIGHTS	201,782	(26,542)	14,602	3,724	186,118	-16249,1	21,934	-	190,737

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Group estimates that between 35% and 40% of the total amount of audiovisual property rights recognised, classified as non-current assets in the consolidated balance sheet at 31 December 2008, will be amortised within 12 months from the balance sheet date. This percentage is in line with the percentage used in 2007. This percentage represents the best estimate currently available on the basis of the programming budget for 2009.

The impairment losses at year-end relate to the carrying amount of rights which, although they expire after 31 December 2008, do not feature in the network's future broadcasting plans at the date of preparation of these consolidated annual accounts. Therefore, the balance of this account relates mainly to the adjustment required to determine the carrying amount of the library. At 31 December 2008 and 2008, the impairment losses recognised in the income statement amounted to EUR 16,248 thousand and EUR 21,288 thousand, respectively.

At the balance sheet date there were firm commitments to purchase audiovisual property rights, available from 1 January 2009, for a total amount of USD 24,207 thousand and EUR 65,908 thousand. The commitments at 2007 year-end amounted to USD 33,709 thousand and EUR 61,036 thousand.

At 31 December 2008, advances of USD 670 thousand and EUR 7,066 thousand had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2006 amounted to EUR 6,377 thousand and USD 643 thousand.

At the balance sheet date there were commitments to purchase co-production rights, available from 1 January 2009, for a total amount of EUR 56,982 thousand. The commitments at 2006 year-end amounted to EUR 39,495 thousand.

At 31 December 2008, advances of EUR 51,838 thousand had been paid in connection with these co-production right purchase commitments. The advances paid in 2007 amounted to EUR 28,205 thousand.

There are firm no commitments to acquire distribution rights, available from 1 January 2009,. The firm purchase commitments at 2007 year-end amounted to USD 1,578 thousand and EUR 1,200 thousand.

At 31 December 2007, advances of EUR 650 thousand had been paid in connection with these firm distribution right purchase commitments. At 2008 year-end the advances totalled nill.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

9. EQUITY METHOD INVESTMENTS

The breakdown of the balance of "Non-Current Financial Assets" and of the changes therein in 2008 and 2007 is as follows:

	Investments Accounted for using the Equity Method
BALANCE AT 31 DECEMBER 2006	**3,960**
Increase	465,966
Decrease	(1,492)
Share of result of associates	(3,070)
Dividends received	(1,213)
Exchange Differences	(21,695)
Foreign currency translation	3,366
Change in measurement of derivative financial instruments	(6,780)
Other changes	(742)
BALANCE AT 31 DECEMBER 2007	**438,300**
Increase	21,481
Decrease	(120)
Share of result of associates	(175,821)
Dividends received	(1,641)
Foreign currency translation	(30,775)
Change in measurement of derivative financial instruments	(13,926)
Other changes	(81)
BALANCE AT 31 DECEMBER 2008	**237,417**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The accounting information related to these companies for 2008 and 2007 is the following:

Company	Investments Accounted for using the Equity Method		Results of Companies accounted for using the equity method	
	2008	2007	2008	2007
Premiere Megaplex, S.A. (*)	24	17	6	3
Edam Acquisition Holding I Cooper. U.A.	222,111	434,795	(167,983)	(5,337)
Pegaso Television, Inc.	12,340	-	(9,140)	-
Canal Factoría de Ficción, S.A. (*)	-	131	100	31
Aprok Imagen, S.L. (*)	-	743	(691)	49
Producciones Mandarina, S.L.	880	1,059	437	879
La Fábrica de la Tele, S.L.	1,173	601	747	537
Publieci Televisión, S.A. (*)	889	954	703	768
TOTAL	**237,417**	**438,300**	**(175,821)**	**(3,070)**

(*) Unaudited.

Mediacinco Cartera, S.L. owns 33.3% of the shares of Edam Acquisition Holding I Cooper. U.A. All the shares of this company carry the same rights.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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The accounting information related to these companies for 2008 and 2007 is the following:

2008	ASSETS	EQUITY	LIABILITIES	INCOME	PROFIT FOR THE YEAR
			THOUSANDS EUROS		
Premiere Megaplex, S.A. (1)	52	47	5		12
Edam Acquisition Holding I Cooper. U.A.	3,750,550	577,580	3,172,970	1,301,100	(639,580)
Pegaso Television, Inc. (***)	54,229	38,542	15,687	4,694	(16,498)
Aprok Imagen, S.L. (*)					
Producciones Mandarina, S.L.	5,415	2,934	2,481	14,744	1,457
La Fábrica de la Tele, S.L. (1)	6,505	3,910	2,595	13,553	2,491
Publieci Televisión, S.A. (1)	2,695	1,778	917	23,104	1,406

2007	ASSETS	EQUITY	LIABILITIES	INCOME	PROFIT (LOSS) FOR THE YEAR
			THOUSANDS EUROS		
Premiere Megaplex, S.A. (1)	58	34	24	4	7
Edam Acquisition Holding I Cooper. U.A. (**)	4,337,811	1,369,550	1,968,261	613,418	(16,013)
Canal Factoría de Ficción, S.A. (1)	759	329	430	1,539	77
Aprok Imagen, S.L. (*)	-	-	-	-	-
Producciones Mandarina, S.L.	5,730	3,529	2,201	18,791	2,929
La Fábrica de la Tele, S.L. (1)	7,411	2,001	5,410	11,252	1,788
Publieci Televisión, S.A. (1)	2,735	1,908	827	2,988	1,536

(*) Aprok Imagen, S.L. information not available.
(**) The figures corresponds to the period between 3 July 2007 (acquisition date) tilll 31 December de 2007
(***) The figures corresponds to the period betwwen 1 March 2008 (acquisition date) till 31 December de 2008
(1) Unaudited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In 2007 and 2008, the most significant variations in "Equity method investments" are as follows:

As required by the relevant accounting standard, in 2008 (i.e. one year from the acquisition date), Edam Acquisition Holding I Coöperatief, U.A. completed the process of assigning the acquisition price to the various assets. Accordingly, the carrying amount of the business combination was definitively recognized. There were no significant differences between the final price and the price provisionally assigned. However, due to the process of assigning the value of goodwill and the remaining values of assets of the Edam Group to their corresponding cash-generating units, currency translation differences arose which led to a reduction in the initially assigned values. Of these differences, 21,695 thousand relate to the effect arising from the acquisition date to 31 December 2007. Consequently, as explained in Note 2.3 above, the Group has recognized a decrease in equity method invesments at 31 December 2007 with a balancing entry to "Foreign currency translation reserves" in consolidated equity.

CONECTA 5 TELECINCO, S.A.U.

On March 2007 the Group acquired the 50% remaining of the share capital of Conecta 5 Telecinco, S.A.U.

CANAL FACTORÍA DE FICCIÓN, S.L.

On 25 June 2008 the Group acquired the 60% remaining of the share capital of Canal Factoria de Ficción, S.L. till reach the 100% of the participacion in this company. This acquisition was made at the net book value of the investment.

PEGASO TELEVISIÓN INC.

On March 2008, the Company acquired 35.08% of the share capital of Pegaso Televisión INC., which in turn owns 83.34% of the share capital of CaribeVisión TV Network LLC. and 25% of CaribeVisión Holdings, Inc. The Company also has a call option over the latter, enabling it to acquire up to 83.34% of its share capital.

The acquisition price of the shares was $31.7 million, which entailed a payment, at the exchange rate in effect on the transaction date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Caribevisión is a recently formed Television channel tha currenly operates in New York, Miami and Puerto Rico, whose initial purpose is to reach to the Spainish TV market of the East Coast of the United States.

In this new project, Gestevisión Telecinco, S.A. is contributing its experience in the management of TV contents and in the operating of advertisement resources in an attractive market due to the high and growing presence of Spanish population.

Impairment test of equity method investments

EDAM ADQUISITION HOLDING I COOPERATIVE U.A.

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

At the financial year end, the Group has recorded in the consolidated annual accounts the impact of the impairment test performed at the CGU (Cash Generations Units) of Endemol Group, comparing the carrying amount of those CGUs at that dated with their recoverable amount, obtained through the present value of estiamated future cash flow of those CGU´s using the best estimation available.

The impairment test reflected in Edam Acquisition Holding Cooperative's accounts at 31 December 2008 regarding the cash-generating units operationally identified in the Group was practiced on the basis of the 2009/2013 Business Plan approved by the Company's Board of Directors. The discount rates and growth parameters were applied in line with market circumstances, and have been validated by Endemol's auditors. The test had a before-tax negative impact of €123 million on the consolidated annual accounts of Gestevisión Telecinco, S.A.

PEGASO TELEVISIÓN INC.

As noted above, in 2008 the Company acquired an interest in Pegaso Televisión Inc. At year-end, the recoverable amount was determined through the present value of future cash flows stemming from the investment, and calculated on the basis of CaribeVision Holding's business plan approved by its Board of Directors on 16 February 2009, that includes assumptions about the future business evolution as assumptions about the financial indicators at the date of the preparation of the business plan. The discount rate applied to the future generated cash flows is in line with the risk associated to the industry and business in which the company operates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

10. OTHER NON CURRENT FINANCIAL ASSETS

Los conceptos incluidos en el epígrafe de otras inversiones financieras son las siguientes:

	31.12.2008	31.12.2007
Investments in		
Comeradisa	-	150
Kulteperalia, S.L.	1,475	1,475
Alba Adriática, S.L.	9,500	9,500
Super Nueve Televisión, S.A.	-	25
Other shareholding	75	75
Long term loans	**226**	**-**
Long term guarantees	**263**	**276**
Loans to related companies	**14,896**	**-**
Other	**642**	**321**
TOTAL	**27,077**	**11,822**

On 28 November 2008 the Group acquired a portion of the mezannine Loan of Edam Adquisition Holding I Cooperative, U.A. This portion was bought to a one of the banks of the company. The acquisition price amounted to 14,735 and was considerable lower than the nominal value of the financial asset. The due date of this financial asset in on 2017 and it has a market interest rate.

In case the Group keeps this financial asset unitl the due date the IRT will be no less than 35%.

The group owns the 15% of the share capital of Alba Adriatica. The activity of this company is the production of TV programmes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

11. OTHER CURRENT FINANCIAL ASSETS

The breakdown of Other current financial assets at 31 December 2008 and 31 December 2007 is as follows:

	31.12.2008	31.12.2007
Short-term investments securities	398	6,976
Loans to associates	1,822	24
TOTAL	**2,220**	**7,000**

12. CASH AND CASH EQUIVALENTS

The breakdown of Cash and cash equivalents at 31 December 2008 and 31 December 2007 is as follows:

	31.12.2008	31.12.2007
Cash on hand and at bank	32,098	67,391
Cash equivalents	794	452
TOTAL	**32,892**	**67,843**

Current accounts earn market interest rates. No restrictions to the availability of balances exist.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

13. EQUITY

13.1 SHARE CAPITAL

At 31 December 2008, the Company's share capital was represented by 246,641,856 fully subscribed and paid shares of EUR 0.5 par value each, traded by the book-entry system, the shareholder structure being as follows:

	2008	2007
Shareholder	**% of Ownership**	**% of Ownership**
Mediaset Investimenti, S.p.A.	50.5	50.1
Corporación de Nuevos Medios Audiovisuales, S.L.U. (Vocento Group)	5.1	13.0
Free float	43.1	36.7
Treasury shares	1.3	1.2
TOTAL	**100.0**	**100.0**

All the Parent's shares carry the same rights.

Share transfers are governed by Private Television Law 10/1988, of 3 May.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

13.2. DIVIDENDS

On 9 April 2008, the shareholders at the Parent's Annual General Meeting resolved to pay a dividend of EUR 317,562 thousand out of the profit for 2007. This dividend was paid in May 2008 and amounted to EUR1.30 per eligible share.

13.3. LEGAL RESERVE

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

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

The legal reserve recognised by the Parent has reached the stipulated level, amounts to EUR 24,664 thousand and is recognised under "Other Reserves" in the accompanying consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

13.5. TREASURY SHARES

The treasury shares were acquired to cover the Company's obligations under its share option plans. These plans are detailed in Note 18.

At 31 December 2008, the Company held 3,106,913 treasury shares acquired at a cost of EUR 57,813 thousand.

The changes in "Treasury Shares" in 2008 and 2007 were as follows:

	2008		2007	
	Number of shares	Amount(*)	Number of shares	Amount(*)
At beginnin of year	**3,014,813**	**56,469**	**1,411,540**	**25,838**
Increase	92,100	1,344	1,603,273	30,631
Decrease	-	-	-	-
At end of year	**3,106,913**	**57,813**	**3,014,813**	**56,469**

(*) Amounts in thousands of euros.

At 31 December 2008, the Company shares held by it and by its subsidiaries represented 1.26% of the share capital (31 December 2007: 1.22%).

The average purchase price of the treasury shares in 2008 and 2007 was EUR 15.67 and 18.24 per share, and no shares were disposed of neither in 2008 nor in 2007.

Subsequent to year end, under the authorization of the General Shareholders' Meeting of the parent company, the Group acquired 445,374 treasury shares for a total amount of €2,923 thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

13.6. MINORITY INTERESTS

The breakdown, by company, of the balance of "Minority Interests" in the consolidated balance sheets at 31 December 2008 and 2007 is as follows:

	2008		2007	
	Minority Interest	Profit(loss) Atributable to Minority Interests	Minority Interest	Profit(loss) Atributable to Minority Interests
Atelier de Soustitrage	747	192	514	56
Atelier de Soustitrage (Italia)	67	13	94	28
Mediaset Investment, S.A.R.L.	12,287	(26,960)	55,841	(3,120)
TOTAL	**13,101**	**(26,755)**	**56,449**	**(3,036)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

14. LONG-TERM PROVISIONS

These include provisions made in 2008 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in long-term provisions in the years ended 31 December 2008 and 2007 were as follows:

2008	Balance at 31-12-08	Charge for the Year	Amount used	Amounts Reversed	Transfer	Balance at 31-12-08
Provision for contingencies and charges	61,484	14,072	(7,376)	(24,378)	-	43,802
Other provision for contingencies	28,607	-	-	-	(28,607)	-
Long-term Provisions	**90,091**	**14,072**	**(7,376)**	**(24,378)**	**(28,607)**	**43,802**

Transfers to short-term provisions correspond to unresolved litigation related to tax contingencies originated in previous periods which are estimated to be resolved in 2009 by group management.

2007	Balance at 31-12-07	Charge for the Year	Amount used	Amounts Reversed	Changes in the Scope of Consolidation	Balance at 31-12-07
Provision for contingencies and charges	51,547	16,316	(938)	(5,591)	150	61,484
Other provision for contingencies	27,524	1,083	-	-	-	28,607
Long-term Provisions	**79,071**	**17,399**	**(938)**	**(5,591)**	**150**	**90,091**

The provisions for contingencies and charges relate mainly to contingencies arising from unresolved litigation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The provisions for contingencies and charges relate mainly to contingencies arising from unresolved litigation. Since 2001 the Company has recognised provisions for litigation with collection societies, which have either filed suits against the Company claiming amounts for the purported use of their respective rights catalogues or have made claims, by any means, for payment of their respective fees. The Company has reached agreements with some of these societies. Other suits are still pending in various jurisdictions, either because the Company does not recognise the right being claimed, or because claims are being made for fees in relation to differing degrees of usage of their respective catalogues. In these instances, the Group has recognised various provisions included under this heading based on reasonable estimates of the amounts involved.

The largest amounts for reversion and application in 2008 correspond to the agreement signed between the Group and Asociación de Gestión de Derechos Intelectuales (AGEDI) whereby the parties end their differences and agree on continuing to abide by the use of phonograms and on the corresponding compensation.

The provisions for contingencies and charges also include other amounts to cover probable contingencies based on a reasonable estimate of the amounts involved.

The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

15. OTHER NON-CURRENT LIABILITIES

The breakdown of "Non-Current Liabilities" is as follows:

	Balance at 31-12-08	**Balance at 31-12-07**
Loans to related companies	58,790	58,790
Advances received on loans	1,020	1,803
Other payables	220	231
TOTAL	**60,030**	**60,824**

"Loans to related companies" registers a granted by Mediaset Mediaset Investment, S.R.L.A. to the subsidiary Mediacinco Cartera, S.L. in 2007. The only and final expiry date is June 30, 2012. This loan was granted for the financing of the acquisition of 33% of the share capital of Edam Acquisition Holding I Cooperative U.A. The interest rate earned is Euribor + 1%.

In July 2008, the borrower paid off the interest earned during the six-month period ending June 2008, for a total amount of €1,696 thousand. Interest earned during the second half of the year amounts to €1,791 thousand. Amount of interest earned and outstanding at 31 December 2008 amounts to €12 thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

"Advances Received on Loans" relates to repayable advances granted by the Ministry of Science and Technology and CDTI. The conditions and amounts outstanding at 31 December were as follows:

Amortization period	Grace period	Year of Grant	2008	2007
			(thousand of euros)	(thousand of euros)
7 years	2 years	2002	-	370
7 years	2 years	2002	-	90
7 years	2 years	2004	152	225
7 years	2 years	2004	86	126
7 years	2 years	2005	218	287
7 years	2 years	2008	564	705
TOTAL			**1,020**	**1,803**

These advances are interest-free. A discount rate is applied to each advance and the financial cost is deferred and recognised in profit or loss each year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

16. SHORT-TERM PROVISIONS

This breakdown of "Short-Term Provisions" is as follows:

	Balance at 31-12-08	Balance at 31-12-07
Provisions for sales volume rebates	37,218	43,425
Short term provision for contingencies and charges	31,351	587
TOTAL	**68,569**	**44,012**

The increase in due to the transfer from the tax contingencies provision commented in the note 14.

17. TAX MATTERS

17.1. CONSOLIDATED TAX GROUP

Pursuant to current legislation, the Consolidated Tax Group includes Gestevisión Telecinco, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

17.2. 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.

The Spanish Group Companies is open to inspection of all taxes to which it is liable for the last four years, except for the Income Taxes that is liable for the last five years.

Following the serving of notice on 1 September 2008, the Spanish tax authorities began the review and inspection with regard to the following items and periods for the consolidated tax group Gestevisión-Telecinco.

ITEM(S)	PERIODS
Income tax	2004 to 2007
Value added tax	07/2004 to 12/2007
Was holding, non-resident income tax	07/2004 to 12/2007
Gaming tax	09/2004 to 05/2008
Taxes on games of luck, betting, and chance: raffles and tombola	09/2004 to 05/2008
Annual transaction statement	2004 to 2007
Consolidated statement of intra-regional delivery and acquisition of assets	2004 to 2007

At the day of preparation of these Notes, these review and inspections are near completion and the corresponding findings are expected to be submitted soon.

The Company believes that any adjustments that might be proposed will focus on items for which provisions have already been made in the Company's accounts or on differences in criteria in calculating taxes. Hence, the Company does not believe that the decision on these items will significantly affect the accompanying balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In addition on 29 June 1995, the Spanish tax authorities initiated a tax audit of the Parent and Publiespaña covering the following taxes and years:

ITEMS	PERIOD
Income tax	1989-90-91-92-93
VAT	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from movable capital	1990-91-92-93-94
Annual statement of transactions with third parties	1989-90-91-92-93
Non-resident income tax (Form 210)	1990-91-92-93-94
Transfer tax	1990-91-92-93-94
Gaming tax	1992-93-94-95

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, which were not originally to be inspected for that year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Between December 1996 and February 1997, the audits and inspection were carried out. Following the audits and inspection, €13,373 thousand in penalties was assessed. The Company signed the assessments in disagreement and filed the relevant appeals.

At the date of preparation of these Financial Statements, the notification of the potential additional assessment regarding the 1995 corporate income tax has not been received; hence, the definitive amount that might arise from the assessment is not known.

In a decision dated 19 April 2007, handed down in case file number 15/2005, Section One of Criminal Court of the National Court of Justice ruled on the case arising from Summary Proceedings 262/1997 of Central Magistrate Court No. 5, for tax offenses and misrepresentations related to various companies, including Gestevisión Telecinco, S.A. and Publiespaña, S.A.U., in which these companies were named as being parties jointly and severally liable to a secondary degree.

In its decision, the National Court of Justice absolved all of the parties accused and affirmed that none of the events under investigation constitutes an offense. Nevertheless, this ruling was appealed by the Prosecutor's Office.

On 23 June 2008, the Second Court in Criminal Matters of the National Appellate Court rejected Appeal 1701/2007 before the Supreme Court filed the Prosecutor's Office against the aforementioned ruling of the National Court of Justice, upholding the acquittal handed down in the previous instance. The Company believes that in 2009, once the legal deadlines for filing appeals have expired, the provision will be either applied or canceled; hence, the Company has reclassified the corresponding provision as a current provision.

The Group has recognized a provision for tax litigation relating to tax assessments signed in disagreement. This provision was classified as "Non-current provisions." Based on new events which occurred in 2008 (described above), the directors consider that in 2009, once the legal deadlines for appeals have expired, this provision will be applied or cancelled and therefore it has been reclassified to "Current liabilities – Provisions."

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

17.3. BALANCES WITH TAX AUTHORITIES

The breakdown of balances with the tax authorities is as follows:

	31.12.08	31.12.07
INCOME TAX LIABILITY	**-**	**27,328**
Treasury Creditor		
Value Added Tax liability	10,748	12,246
PAYE Liability	2.451	2,840
Social security contributions	1.197	1,116
Other public entities	463	313
PUBLIC ADMINISTRATIONS	**14,860**	**16,515**

	31.12.08	31.12.07
DEFERRED TAX ASSETS	**26,309**	**19,555**
INCOME TAX RECEIVABLES	**41,698**	**-**
Value Add Tax receivables	10,672	8,740
Other taxes receivable	3,094	1,430
TOTAL	**13,766**	**10,170**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

17.4. INCOME TAX RECONCILIATION

The reconciliation between consolidated accounting profit before tax and taxable income in the notes to the consolidated annual accounts is as follows:

	THOUSANDS OF EUROS	
	2008	2007
CONSOLIDATED INCOME STATEMENT		
Current income tax		
- Current income tax expense	29,875	139,022
Deferred tax liabilities		
- Relating to increases and decreases in temporary differences	(6,750)	(1,601)
TOTAL	**23,125**	**137,421**

	THOUSANDS OF EUROS	
	2008	2007
CONSOLIDATED PROFIT BEFORE TAX	207,650	487,443
Tax rate (2008: 30%; 2007: 32.5)	62,296	158,419
Permanent differences	(18,034)	(1,227)
Tax credits and rebates	(21,137)	(20,960)
Other		1,189
TOTAL	**23,125**	**137,421**

	THOUSANDS OF EUROS	
	2008	2007
DEFERRED TAX ASSETS		
Provision for asset impairment	5,496	7,503
Provision for litigation	7,754	8,091
Other	6,680	3,961
Deductions pending application	6,379	
TOTAL	**26,309**	**19,555**

In 2008, the Group has not allocated to consolidated equity any amount that would have a tax effect (2007: 13 thousand euros).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

17.5 RECONCILIATION OF RATES

The reconciliation of the statutory tax rate in force in Spain to the effective tax rate applicable to the Group is as follows:

	2008	2007
TAX RATE IN SPAIN	**30.00**	**32.50**
Investment tax credits	(7.08)	(3.97)
Movements in equity of equity consolidated companies	(9.58)	
Other	(2.20)	(0.34)
EFFECTIVE TAX RATE	**11.14**	**28.19**

17.6. DEFERRED TAXES

The tax effect was calculated by applying to the related amount the tax rate in force in the year in which the related item arose, adjusted for the effect of the change in tax legislation in 2008

	Balance at 31-12-08	Balance at 31-12-07
DEFERRED TAX ORIGINATING FROM:		
Provision for asset impairment	5,496	7,503
Provision for litigation	7,754	8,091
Other provisions	6,680	3,961
Deductions pending application	6,379	-
Total deferred tax assets	**26,309**	**19,555**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

18. GUARANTEE COMMITMENTS TO THIRD PARTIES

The breakdown, by nature, of the guarantees provided and received at 31 December 2007 is as follows:

	31.12.2008	31.12.2007
Nature of Guarantee	**(Thousands of euros)**	**(Thousands of euros)**
Guarantees provided		
Surety bonds for contracts, concessions and tenders	10,990	13,433
Payments into court	340	36,745
	11,330	**50,178**
Guarantees received	**40,916**	**34,700**

18.1. GUARANTEES PROVIDED

The first category of guarantees includes a bond of EUR 6,010 thousand securing the performance of the obligations arising from the concession to indirectly manage the television service, in accordance with Law 107/1988, of 3 May, and the General Secretariat of Communications Resolution dated 25 January 1989. This concession was renewed for a further ten years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of that same date and published in the Official State Gazette on 11 March 2000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Group has provided guarantees totalling EUR 2,535 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 to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive.
- 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.
- Research and development of a new information system to manage advertising with audience estimator, optimisation of income and on-line channel.

The significant decrease in the amount of judicial bonds noted at year end is due to the refund by the courts of bonds given in connection with judicial proceedings undertaken as a result of the ruling issued 1 June 1998.

The judgment handed down on 19 April 2007, rendered in Case 15/2005, in Panel One of the First Criminal Chamber of the National Appellate Court concluded the proceeding arising from Abbreviated Procedure 262/1997, of Number Five Examining Court, conducted for offences against the public finance authority and misrepresentation of events related to several companies including Gestevision Telecinco, S.A. and Publiespaña, S.A.U., and in which these companies were joint and severally liable at civil law.

In the aforementioned judgment, the National Appellate Court absolved the defendants and affirmed that none of the events investigated constituted an offence.

Subsequently, in a judgement handed down on 23 June 2008, the Supreme Court ended said proceeding by dismissing appeal 1701/2007 filed by the Department of Public Prosecutions against the sentence rendered by the National Court of Justice referred to above, definitely absolving all the defendants of the offences of which they were accused and, consequently, eliminating any civil liability for Gestevisión Telecinco, S.A. and Publiespaña, S.A.U. with regard to these offences.

18.2. 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 2008 is shown in the preceding table.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

19. SHARE-BASED PAYMENT PLAN

As of the date of preparation of these financial statements, the stock option plans for which the conditions for their being granted have been fulfilled are as follows. The latest of these share-based payment plan have been approved during 2008.

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

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

	2005 Plan	2006 Plan	2007 Plan	2008 Plan
Strike	19.70	18.57	20.82	8.21
Yield on the share (dividend yield)	6%	6%	6%	10%
Volatility	22.5%	22.5%	22.5%	27.5%

The Group applied IFRS 2, “Share-based Payment” to its share option plans. This Standard requires that the services received from employees as consideration for the share options granted be charged to profit or loss at the fair value calculated and at the date of grant. An expense of EUR 2,182 thousand euros was recognized in 2008 and 3,717 thousand was recognized in this regard 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The share-based payment schemes are as follows:

	No. of options	Strike Price	Assignment date	From	To
Plans outstanding at 31 December 2005	**1,483,500**	**19.70**	**2005**	**27/7/08**	**27/7/10**
Options granted	1,733,150	18.57	2006	26/7/09	25/7/11
Options cancelled	(263,000)	19.70	2005	-	-
Plans outstanding at 31 December 2006	**2,953,650**		**-**	**-**	**-**
Options granted	1,153,650	20.82	2007	25/7/10	24/7/12
Options cancelled	(89,500)	19.70	2005	-	-
	(105,500)	18.57	2006	-	-
	(18,000)	20.82	2007	-	-
Plans outstanding at 31 December 2007	**3,894,300**		**-**	**-**	**-**
Options granted	590,325	8.21	2008	30/7/11	29/7/13
Options cancelled	(94,500)	19.70	2005	-	-
	(111,500)	18.57	2006	-	-
	(57,000)	20.82	2007	-	-
Plans outstanding at 31 December 2008	**4,221,625**		**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

20. FINANCIAL INSTRUMENTS

20.1. FINANCIAL DERIVATIVES INSTRUMENTS

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, for the first time, in 2007 it also hedged foreign currency risk on commercial transactions with customers, which were accounted for in the consolidated balance sheet.

The breakdown, by maturity, of the notional amounts of financial derivatives outstanding at the Group at 31 December 2008 is as follows:

ASSETS	Notional amount/Maturity up to one year	Amount in USD		Fair value
		Dollars	Year-end (€/$) exchange rate	
Purchase of unmatured currency				
Purchase of dollars in euros	3,053	4,598	1.506	262

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The breakdown, by maturity, of the notional amounts of financial derivatives outstanding at the Group at 31 December 2007 is as follows:

ASSETS	Notional amount/Maturity up to one year	Amount in USD		Fair value
		Dollars	Year-end (€/$) exchange rate	
Purchase of unmatured currency				
Purchase of dollars in euros	5,204	6,984	1.342	455
Sale of dollars in euros	(717)	(966)	(1.347)	(60)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

20.2. THE CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AND FINANCE INCOME AND EXPENSE PER THE CATEGORIES ESTABLISHED IN IAS 39 WOULD BE AS FOLLOWS:

SHOW REPORT FOR PRINT

ZOOM

	EQUITY INSTRUMENTS		DEBT SECURITIES		LOANS, DERIVATIVES AND OTHER FINANCIAL ASSETS		TOTAL	
(THOUSANDS OF EUROS)	2008	2007	2008	2007	2008	2007	2008	2007
NON-CURRENT FINANCIAL ASSETS								
Assets at fair value through profit or loss								
Held for trading							0	0
Other non-current financial assets							0	0
Held-to-maturity investments							0	0
Loans and receivables					16,082	597	16,082	597
Available-for-sale financial assets							0	0
Measured at fair value	10,995	11,225					10,995	11,225
Measured at cost							0	0
Hedging derivatives							0	0
TOTAL	10,995	11,225	-	-	16,082	597	27,077	11,822
CURRENT FINANCIAL ASSETS								
Assets at fair value through profit or loss								
Held for trading							0	0
Other current financial assets							0	0
Held-to-maturity investments							0	0
Loans and receivables					241,957	255,990	241,957	255,990
Available-for-sale financial assets							0	0
Measured at fair value	398	6,976				24	398	7,000
Measured at cost							0	0
Hedging derivatives					262	423	262	423
TOTAL	398	6,976	-		242,219	256,437	242,617	263,413

	BANK BORROWINGS		BONDS AND OTHER MARKETABLE DEBT SECURITIES		PAYABLES, DERIVATIVES AND OTHER FINANCIAL ASSETS		TOTAL	
(THOUSANDS OF EUROS)	2008	2007	2008	2007	2008	2007	2008	2007
NON-CURRENT FINANCIAL LIABILITIES								
Trade and other payables					60,030	60,829	60,030	60,829
Liabilities at fair value through profit or loss							0	0
Held for trading							0	0
Other non-current financial assets							0	0
Derivatives							0	0
	0	0	0	0	60,030	60,829	60,030	60,829
CURRENT FINANCIAL LIABILITIES								
Trade and other payables					192,997	223,117	192,997	223,117
Liabilities at fair value through profit or loss							0	0
Held for trading							0	0
Other current financial assets							0	0
Derivatives						475	0	475
	-	-	-	-	192,997	223,592	192,997	223,592
TOTAL	-	-	-	-	253,027	284,421	253,027	284,421

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

There are no significant differences between the fair value and the net carrying amounts of financial assets and liabilities at 31 December 2008 and 2007.

2008

		Maturities			
	Balance	**3 months**	**6 months**	**12 months**	**30 months**
Payable for purchases or rendering of goods or services	88,044	83,997	2,860	135	1,051
Payable for purchases of audiovisual rights	23,080	22,239	841	-	-
Payable for acquisition of assets	3,174	3,061	113	-	-
TOTAL	**114,298**	**109,297**	**3,814**	**135**	**1,051**

2007

		Maturities			
	Balance	**3 months**	**6 months**	**12 months**	**30 months**
Payable for purchases or rendering of goods or services	86,375	81,304	5,071	-	-
Payable for purchases of rights	23,511	17,971	1,723	3,380	437
Payable for acquisition of current assets	7,116	6,623	493	-	-
TOTAL	**117,002**	**105,898**	**7,287**	**3,380**	**437**

The maturities of the accounts payable to related parties are detailed in Note 25.1.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

20.3. 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.

20.4. RISK MANAGEMENT POLICY

To efficiently manage the risks to which the Telecinco 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.

Credit risk

Credit risk existes 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Group maximum exposure to credit risk at 31 December 2008 was as follows:

	Thousands of euros
Non-current receivables	16,027
Non-current financial investments	11,050
Trade and other receivables	239,159
Current receivables from Group companies and associates	1,238
Current investments	2,220
Cash and cash equivalents	32,892
TOTAL	**302,586**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Operating activitiess

Most of the operating activities of the Group consists 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.

THOUSANDS OF EUROS	TOTAL AMOUNT	NO. OF CLIENTS
From 0 to 100	8,048,351	695
From 100 to 200	6,082,222	45
From 200 to 500	9,091,133	28
From 500 to 1,000	8,341,126	12
Over 1,000	147,821,613	24
TOTAL	**179,384,445**	**804**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Investing activities

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

- The investments are made with institutions (whether domestic or foreign) of recognized financial solvency;
- The investments are placed in conservative products (bank depostis, debt repos, etc.) on which, in genera, 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.

Liquidity risk

The Groups'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 Company's objective is to maintain sufficient available funds.

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

- Excess liquidity may only be invested in certain types of assets (see previous section on credit risk/investment activities) the liquidity of which is guaranteed.
- The amount of the revolving credit lines ensures that the Company is able to meet its operating needs as well as finance new short-term investment projects. At year-end 2008, the opening credit lines total €218,000 thousand. As of the date of preparation of these annual accounts, this amount had increased to €273,000 thousand. Given the difficult market situation, these credit lines have been contracted under very competitive financial conditions, which strengthens the financial sector's perception that the Company is creditworthy and sound.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Market risk (exchange rates, interest rates and risk of changes in prices)

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

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

The following assumption was used: beginning with our year-end cash surpluses, and taking the 1-month Euribor at December31 as the benchmark, we applied a variation of +/- 100 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 (Eur)	Cash Surpluses	Annual interest	100bp	Annual interest	-100bp	Annual interest
31-12-08	2.6%	(25,852)	673	3,603	(931)	1,603	(414)
31-12-07	4.3%	13,150	564	5,288	695	3,288	432

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Sensitivity test and estimation of impact on the profit and loss account of changes in exchange rates

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

The exposed balance sheet value of these financial instruments was corrected by applying a symmetrical percentage change, equal to the 1-year implicit volatility of the currency in question published by Reuters (8.40% for 2007 and 19.5% for 2008), 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 P&L account, that, in any event, is not significant.

31.12.08			31.12.07		
USD	Exc. Rate	Differences	USD	Exc. Rate	Differences
4,598	1.3917	262	6,984	1.4721	(455)
Sensitivity test					
4,598	1.1203	1,058	6,984	1.3484	(24)
4,598	1.6631	(274)	6,984	1.5958	(819)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21. INCOME AND EXPENSES

21.1. THE BREAKDOWN OF THE GROUP'S ORDINARY REVENUE IS AS FOLLOWS:

	2008	2007
ACTIVITY	**Thousands of euros**	**Thousands of euros**
Publiespaña Group advertising revenue	892,558	1,006,121
Other advertising revenue	804	907
Revenue from the rendering of services	33,676	35,347
Other	11,754	13,199
TOTAL	**938,792**	**1,055,574**

These consolidated annual accounts do not provide a breakdown of revenue by business segment because the Group does not have significant differentiated business or geographical segments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21.2. THE BREAKDOWN OF"STAFF COSTS" IN 2008 AND 2007 IS AS FOLLOWS:

	2008	2007
Wages and salaries	70,113	67,064
Accrued share-based payment costs	2,182	3,717
Social security costs	12,350	11,710
Employee benefit costs	4,573	2,362
TOTAL	**89,218**	**84,853**

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

	2008		2007	
	MALE	FEMALE	MALE	FEMALE
Senior Executive	74	30	71	27
Executives	33	49	31	48
Technical staff	48	65	50	61
Administrative personnel	452	386	460	383
Others	25	3	25	5
Operators	8	11	17	17
TOTAL EMPLOYEES	**640**	**544**	**654**	**541**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

	2008		2007	
	MALE	**FEMALE**	**MALE**	**FEMALE**
Senior Executives	71	27	71	26
Executives	33	49	34	52
Technical staff	446	392	465	390
Administrative personnel	48	73	54	73
Others	23	1	25	4
TOTAL PERSONAL	**621**	**542**	**649**	**545**

21.3. THE BREAKDOWN OF"CHANGE IN OPERATING PROVISIONS" AT THE BALANCE SHEET DATE, WHICH RELATES TO THE ALLOWANCE FOR DOUBTFUL DEBTS, IS AS FOLLOWS:

	2008	**2007**
Charge for the year	2,450	1,066
Losses on uncollectible receivables	1	1,360
Amounts used	(555)	(1,737)
TOTAL	**1,895**	**689**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21.4. 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 2008, conducted by Ernst & Young, S.L., amounting to €167.6 thousand in 2008 and conducted by Deloitte, S.L. in 2007 amounting to €184 thousand.

The fees for other professional services provided exclusively to the Parent by the principal auditor amounted to €209 thousand at 31 December 2008 corresponding to audit-related services. At 31 December 2007, fees for other professional services amounted to €168 thousand, of which €137 thousand correspond to audit-related services.

21.5. THE BREAKDOWN OF THE GROUP’S NET FINANCE INCOME IN 2007 AND 2006 IS AS FOLLOWS:

	2008	2007
Interest income	4,596	10,343
Less interest expenses	(7,651)	(4,908)
TOTAL	**(3,055)**	**5,435**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21.6. EXCHANGE DIFFERENCES

The breakdown of the exchange differences in 2008 and 2007 is as follows:

	2008	2007
Exchange gains	509	1,364
Exchange losses	(851)	(1,467)
TOTAL	**(342)**	**(103)**

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to USD 24 million in 2008 (2006: USD 31 million).

In addition, the balance of the trade payables for purchases of audiovisual property rights includes EUR 3,300 thousand denominated in US dollars in 2008 (2007: EUR 5,594 thousand).

Trade receivables for sales and services includes EUR 1,763 thousand denominated in US dollars in 2008 (2007: EUR 868 thousand).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21.7. CONTRIBUTION TO CONSOLIDATED PROFIT

The breakdown, by company, of the contribution to consolidated profit is as follows:

	31.12.2008 Thousands of euros	31.12.2007 Thousands of euros
Gestevisión Telecinco, S.A.	323,312	276,727
Grupo Editorial Tele5, S.A.U.	3,622	3,653
Atlas España, S.A.U.	3,002	6,269
Telecinco Cinema, S.A.U.	(11,956)	(5,787)
Publiespaña S.A.U.	64,413	77,864
Cinematext Media, S.A.	482	84
Conecta 5 Telecinco, S.A.U.	1,889	(218)
Mediacinco Cartera, S.L.	(6,224)	(9,358)
Atlas Media, S.A.U.	0	(222)
Atlas País Vasco, S.A.U.	28	221
MiCartera Media, S.A.U.	911	960
Publimedia Gestión, S.A.U.	7,789	5,894
Advanced Media S.A.U.	(205)	(2)
Cinematext Italia, S.R.L.	31	43
Canal Factoría de Ficción, S.A.U.	7	-
Telecinco Factoría Producción, S.L.	(1)	-
Edam Acquisition Holding I Coöperatief U.A.	(167,983)	-
Pegaso Televisión, Inc.	(9,140)	-
Others	1,302	(3,070)
TOTAL	**211,279**	**353,058**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21.8. OPERATING LEASES

The breakdown of"Operating Leases" in 2008 and 2007 is as follows:

	2008	2007
	Thousands of euros	
Minimum lease payments under operating leases recognised in profit or loss	1,486	1,298
	1,486	**1,298**

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2008.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

22. EARNINGS PER SHARE

The calculation of the weighted average number of shares outstanding and diluted at 31 December 2008 and 2007 is as follows:

	31.12.08	31.12.07
TOTAL SHARES ISSUED	**246,641,856**	**246,641,856**
Less: treasury shares	(3,102,765)	(1,946,379)
Total shares outstanding	243,539,091	244,695,477
Dilutive effect of share options and free delivery of shares	0	0
Total number of shares for calculating diluted earnings per share	**243,539,091**	**244,695,477**

22.1. 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:

	31.12.08	31.12.07	CHANGE
Net profit for the year (thousands of euros)	211,279	353,058	(141,779)
Number of shares outstanding	243,539,091	244,695,477	(1,156,386)
BASIC EARNINGS PER SHARE (EUROS)	**0.87**	**1.44**	**(0.58)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

22.2. 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:

	31.12.08	31.12.07	CHANGE
Net profit for the year (thousands of euros)	211,279	353,058	(141,779)
Number of shares for calculating diluted earnings per share	243,539,091	244,695,477	(1,156,386)
DILUTED EARNINGS PER SHARE (EUROS)	**0.87**	**1.44**	**(0.58)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

23. RELATED PARTY TRANSACTIONS

23.1. 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:

	31.12.2008		31.12.2007	
	Receivable	**Payables**	**Receivable**	**Payables**
Publieci Televisión, S.A.	172	-	858	-
Aprok Imagen SL.	-	164	5	250
Canal Factoría de Ficción, S.A.	-	-	122	-
Comeradisa	14	-	-	-
Producciones Mandarina, S.L.	318	2,280	269	1,034
La Fábrica de la Tele, S.L.	24	2,123	20	1,759
Alba Adriática, S.L.	8	751	4	2,289
Fundación Telecinco	2		7	-
Grupo Mediaset	163	1,977	185	1,475
Grupo Vocento	364	21,947	278	27,395
Grupo Endemol	85	13,772	340	12,023
Grupo Pegaso Televisión	88	-	-	-
TOTAL	**1,238**	**43,014**	**2,088**	**46,225**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The breakdown, by maturity, of the balances payable to all the related parties, pursuant to the new IFRS 7, is as follows:

2008

		Maturities		
	Balance	**3 months**	**6 months**	**12 months**
Investee	5,318	4,966	352	-
Mediaset Group	1,977	1,977	-	-
Other Companies	35,719	32,846	2,873	-
TOTAL	**43,014**	**39,789**	**3,225**	**0**

2007

		Maturities		
	Balance	**3 months**	**6 months**	**12 months**
Investee	5,332	4,056	1,276	-
Mediaset Group	1,475	1,475	-	-
Other Companies	39,418	35,125	844	3,449
TOTAL	**46,225**	**40,656**	**2,120**	**3,449**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

SHOW REPORT FOR PRINT

ZOOM

	SALES OF GOODS		PURCHASE OF GOODS		OTHER SALES		PURCHASE OF RIGHTS	
	2008	2007	2008	2007	2008	2007	2008	2007
Publieci Televisión, S.A.	1,203	1,794	-	-	-	-	-	-
Aprok Imagen, S.L.	-	-	880	1.115	-	-	-	-
Canal Factoría Ficción, S.A.	-	445	-	115	-	-	-	-
Premiere Megaplex	-	-	-	-	-	-	-	-
La Fábrica de la Tele, S.L.	-	34	15,146	122	-	-	-	10,423
Producc. Mandarina, S.L.	75	521	14,642	7	-	-	-	18,407
Alba Adriática, S.L.	19	6	601	208	(136)	-	14,768	12,047
Grupo Mediaset	356	954	2,015	1,258	4,453	1,492	451	650
Grupo Vocento	216	618	10,847	2,021	33	-	37,377	46,060
Grupo Endemol	413	279	47,141	25,820	-	-	-	-
Grupo Pegaso	768	-	-	-	-	-	-	-
TOTAL	3,050	4,651	91,272	30,666	4,350	1,492	52,596	87,587

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
2008					
Associates or shareholder	-	58,790	75,000	-	2012
2007					
Associates or shareholder	-	58,790	75,000	-	2012

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread of 100 basis points in 2007.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

23.2. REMUNERATION OF DIRECTORS

The Company's Board members earned total remuneration of EUR 4,080 thousand and EUR 7,061 thousand in 2008 and 2007, 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 2008 the Company's Board of Directors granted directors a total of 198,625 share options valued at EUR 141 thousand, which had not been exercised at 2008 year-end. In 2007 the directors were granted 397,250 share options valued at EUR 300 thousand, none of which had been exercised.

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

The exercise price of each option was EUR 8,21 in 2008 and EUR 20.82 in 2007 (see Note 19).

At 31 December 2007, 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 2005	328,000	19.70	27/07/08	27/07/10
Options granted in 2006	397,250	18.57	26/07/09	25/07/11
Options granted in 2007	397,250	20.82	25/07/10	24/07/12
Options granted in 2008	198,625	8.21	30/07/11	31/07/13

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

Other disclosures on the Board of Directors

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

In compliance with Article 27 ter. 4 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, Miguel Iraburo Elizondo, Alfredo Messina, Borja de Prado Eulate, Massimo Musolini, members of the Board of Directors of GESTEVISION TELECINCO, S.A. as of 31 December 2008, 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 GESTEVISION TELECINCO, S.A.'s corporate purpose.

Mr. ALEJANDRO ECHEVARRÍA BUSQUET:

Subsidiary	Activity	Ownership	Duties
Vocento, S.A.	Communication	0.1236%	-
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.1072%	Board Member
Diario ABC, S.L.	Newspaper publishing	0.0002%	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008, either on their own or on others' behalf, in companies engeging in business activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of GESTEVISION TELECINCO, 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
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Self-employed	-	Chairman
Publiespaña, S.A.U	Advertising agency	Self-employed	-	Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
Canal Factoría de Ficción, S.A.U.	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publiespaña, S.A.U.	Advertising agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	News agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S.A.	Chairman
Grupo Editorial Tele 5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S.A.	Chairman
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S.A.	Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
Advanced Media, S.A.U.	Carrying out and executing advertising projects	Company employee	Publiespaña, S.A.U.	Joint CEO
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Publiespaña, S.A.U.	Chairman
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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
Canal Factoría de Ficción, S.A.U.	Production and distribution of audiovisual products and programs	Company employee	Gestevisión Telecinco, S.A.	Chairman/Managing Director
Publieci Televisión, S.A.	Direct selling of products and services on TV and through other channels	Company employee	Gestevisión Telecinco, S.A.	Board Member
Publiespaña, S.A.U	Advertising agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Agencia de Televisión Latinoamericana de Servicios y Noticias España, S.A.U.	New agency	Company employee	Gestevisión Telecinco, S.A.	Board Member
Conecta 5 Telecinco, S.A.U.	Exploitation of audiovisual content on the Internet	Company employee	Gestevisión Telecinco, S.A.	Board Member
Grupo Editorial Tele5, S.A.U.	Exploitation of rights; production and distribution of publications	Company employee	Gestevisión Telecinco, S.A.	Joint CEO
Telecinco Cinema, S.A.U.	Television broadcasting services and intermediation in the markets for audiovisual rights	Company employee	Gestevisión Telecinco, S.A.	Joint CEO
Cinematext Media, S.A.	Movie-, television- and video-subtitling	Company employee	Gestevisión Telecinco, S.A.	Board Member
Corporación de Medios Radiofónicos Digitales, S.A.	Radio-and television-related activities	Company employee	Gestevisión Telecinco, S.A.	Board Member
Mediacinco Cartera, S.L.	Financial investments	Company employee	Gestevisión Telecinco, S.A.	Chairman
Premiere Megaplex, S.A.	Film distribution	Company employee	Gestevisión Telecinco, S.A.	Board Member

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 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 GESTEVISIÓN TELECINCO, S.A.'s corporate purpose.

23.3. 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)	
2008	2007	2008	2007
25	18	8,275	6,787

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, ther 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 2008, the Company recognised a provision that represent its best estimate at that date based on a conservative forecast.

352,700 share options for an amount of €250 thousand were assigned to senior executives in 2008 and this amount is recognised under "Staff Costs" These share options had not been exercised at the end of 2008.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

2008: TELECINCO'S BUSINESS MODEL SUCCESSFULLY WITHSTANDS THE PROFOUND AND WIDESPREAD CRISIS. BUT WHAT ABOUT THE REST OF THE SECTOR?

2008 sorely tested the solidity and staying power of all businesses, regardless of industry, as the Spanish economy gradually deteriorated.

The year started out with a hard landing in the construction sector and went on to witness a pronounced slump in consumption and investment virtually across the board. It was accompanied by an almost unprecedented credit crunch, making it much harder for individuals and businesses to secure financing, and a widespread deterioration in sentiment and confidence, so that the year culminated with an imploding labor market, sending unemployment soaring.

Although affecting all developed economies, the unfolding recession is proving more virulent in Spain, accelerating at a pace and reaching extremes that exceed even the most pessimistic forecasts. It is necessary to go far back in time (the Great Depression of 1929, the financial turbulence of the 1970s) to find parallels.

At the time of authorizing these financial statements for issue, the panorama remains extremely gloomy, marked by a total absence of objective data upon which to pin hopes of an improvement in the general international or domestic situation or of an inflection point in the economic cycle short or medium term.

The free-to-air television cycle was not immune to the all-encompassing economic downturn that shaped 2008. In fact, the advertising market is highly correlated to the major macroeconomic indicators. This correlation has been borne out yet again during this downturn, most notably since the third quarter, when advertising spending plummeted in all segments, barring none.

The general backdrop therefore is one of harsh economic challenges at a time when the sector is far more fragmented and competitive than in any of its neighboring markets. This is due to the fallout in Spain of advertising and spiraling content costs (notably sports broadcasting rights) from the active role played by public broadcasters, prompted by emerging broadcasters attempting to win audience share at any price.

This combination of factors paints a dire picture in terms of the sector's ability to finance the inevitable mismatch, in some cases out of kilter from the outset, between forecast revenue and the spending and investments committed before the advertising crisis exploded. Without a shadow of a doubt, this is the great challenge and risk facing the Spanish television sector over the short and medium term.

Against this backdrop, Telecinco, which ended the year as audience leader for the fifth consecutive year, was yet again able to maintain its business model intact based on efficient, flexible and innovative management of its advertising share and a programming strategy tailored to audience preferences. Telecinco struck a successful balance between the channel's more classic programming and newer formats, all this against a deteriorating business climate and increasing audience fragmentation.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

Specifically, Telecinco was able once again to come up with successful content at reasonable cost, thanks to its proven strategy of producing programs with its trusted investee producers, thereby ensuring access to professional talent.

The broadcaster's business model also proved its solidity as measured by the key management metrics used by any company attempting to put on its best show for its customers, shareholders and society at large: profitability, margins, net profit for shareholder remuneration, cash flow generation, robust capital and access to credit as needed to fund working capital and finance capital expenditure as opportunities arise, all throughout the ongoing credit crunch.

In this respect, Telecinco enjoys a privileged position thanks to the virtual absence of short term debt at year-end 2008, the existence of credit lines which enable it to comfortably meet its working capital requirements and, thanks to capital strength unique in the sector, the ability to raise additional funds to finance investments that could result in value creation, should they arise.

On all these metrics, Telecinco posted truly exceptional readings considering the harsh conditions in the economy in general and in the advertising sector in particular. The broadcaster demonstrated the profitability and efficiency of its business model not only in boom times, but also in downturns.

This strength reflects the efforts of everyone working at Telecinco, a team of qualified and expert enthusiasts that yet again gave their best to bringing these results about.

On another front, at the beginning of 2008 Telecinco made a strategic move with the acquisition, via Pegaso TV, of 29.2% of CaribeVisión Network, a newly created Spanish-speaking network which broadcasts in New York, Miami, Boston and Puerto Rico. This investment, coupled with the acquisition of 33% of Endemol in 2007, underscores Telecinco's keenness and willingness to establish a beachhead in the international markets it deems can generate value for the company.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

THE GLOBAL ECONOMY IN 2008

Extremely graphic adjectives are needed to depict the extent of the havoc wreaked on the global economy in 2008. The turbulence in the global banking sector which began to cause ripples at the end of 2007 gave way to nothing short of a financial tidal wave in 2008 which engulfed not only hundred-year-old investment banks which were leveraged to the hilt via derivatives, but also undermined the basic foundations of mutual trust necessary for the banking system to function correctly, due to an abundance of opaque and sophisticated financial instruments which masked a genuine time bomb ticking away inside, and which were missed by all the global supervisory authorities worldwide (the so-called toxic assets).

As the year rolled on, the extent to which these low value financial assets, which had been distributed worldwide on a massive scale, tainting almost all banks, US and foreign, would have a knock-on effect on the real economy began to emerge.

As the losses triggered by the acquisition of these toxic assets became known, a vicious circle of liquidity constraints, deleveraging requirements and credit restrictions among banks was unleashed, requiring massive intervention by the monetary and finance authorities on both sides of the Atlantic to inject liquidity into the system by resorting to extraordinary measures and to save the hardest hit entities from bankruptcy via nationalization. In addition, rates were cut to stimulate the economy, drastically in the case of the US, and less dramatically in Europe, albeit no less radically considering the European Central Bank's long-standing aversion to inflation.

The ramifications of this deleveraging are still being felt at the time of writing. The banks have dramatically choked off lending to households and businesses and to each other and the previous growth model predicated on ever rising prices in underlying assets, fuelling massive leverage and, by extension, consumption growth (the prevalent growth model in the US, UK, Ireland and Spain, among other places) lies in tatters in the aftermath of the tsunami.

Reported economic data justify labeling 2008 as an 'annus horribilis' in finance. It takes a journey back in time as far as 1929 to unearth a parallel for the events of the past year.

So, no surprise, the US is in recession: GDP contracted by 0.5% in 3Q08, once the tax breaks extended to US families in 2Q08 evaporated; the contraction gathered pace to 3.8% in 4Q08.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

Economic indicators point to a contraction in GDP in the UK of 1.5% in the last quarter of the year, in line with the 1.5% drop in the European Union, led by the German economy, which shrank by nothing short of 2.1% in 4Q08. These figures depict a recessionary panorama engulfing developed economies, clearly signaling that the knock-on effect of the financial crisis on the real economy is proving extraordinarily extensive and deep. Meanwhile the unprecedented measures being taken by the various governments to short circuit collapses in their respective economies have yet to prove effective, in all likelihood because of lingering misgivings and fear that the latent losses in the system will prove greater than has been publicly disclosed to date, triggering an even more pronounced correction in asset values, greater deleveraging requirements, and ultimately, a prolonged credit crunch for families and businesses.

Turning to developing economies, they are inevitably beginning to slide down the slippery slope of economic deceleration, a phenomenon which is proving particularly noteworthy in China, where growth slowed by over 30% in 2008 (from 13% to 9%). China's GDP is expected to slow by 50% in 2009 (6.8%) over 2007.

In Latin America, the slump in growth was less pronounced in 2008 (regional growth is expected to ease from 5.4% in 2007 to 4% in 2008); however the expectations for the year ahead are significantly gloomier (growth of 2% at best).

All this highlights that the crisis is global in nature and that it is quickly spreading beyond the developed economies. Moreover, the fact that the emerging economies are also catching the recessionary virus will curtail and delay the recovery, as sluggish internal demand in these countries will not substitute weak consumption and investment in more developed nations.

In Spain, emerging indicators are even more discouraging for several reasons: first off, the contraction in GDP in the last quarter of 2008 (-1.0%) came on the heels of the decline already revealed in 3Q08 (-0.3,), putting Spain technically into recession (two consecutive quarters of shrinking GDP), in line with its European neighbors.

Secondly, the trend unfolding is far worse than in other developed nations, considering the fact that the Spanish economy grew by 3.7% in 2007, i.e. outperforming the European Union average by a differential of 1% and the German economy by 1.2%.

Thirdly, the defining characteristics of the structure of production in Spain imply that such a hard landing, culminating in recession in so few quarters, will inevitably be accompanied by massive job destruction, a phenomenon already being evidenced: by year-end unemployment had already reached 14.6%, the highest level in recent years. Further, this harried pace of job destruction translates into a 65% surge in unemployment in just one year (from 8.7% at year-end 2007), an extraordinarily negative development.

The only brief respite in this roll of negative data comes by way of inflation, which eased dramatically to 1.5% in 2008 in Spain (2007: 4.3%), dipping even below the eurozone average (1.5%), an unprecedented dip which in actual fact mirrors the depressed state of internal demand. In the opinion of some observers, current levels point ominously to the specter of deflation, a phenomenon not experienced since before World War II.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

Lamentably, an objective assessment of the economic reality precludes any premonition that the situation has “hit bottom”. Quite the opposite. There are enough negative factors yet to be resolved in Spain (misgivings regarding unrealized losses still to be disclosed, liquidity drought, structural adjustments in sectors hit hardest by the recessions, rapidly spiraling public deficit, structurally low productivity and competitiveness across the Spanish productive system, the downdraft in the general economic outlook, collapsing consumption and inability of the external sector to substitute sluggish internal demand as a growth driver) to underpin the general statement that “the worst has yet to come”.

The economic forecasts put out by the various authorities and think tanks for the coming quarters underpin this negative outlook: in Spain GDP is expected to shrink by at least 1.6% in 2009, with consensus forecasts pointing to a decline of over 2%. These forecasts meanwhile put unemployment at close to 17%, and the public deficit at over 7%.

The outlook for the European Union and the US is not particularly encouraging either: GDP is widely expected to contract in 2009 and a turnaround for the developed economies as a whole is considered unlikely before 2010 and the thesis that a return to growth will very likely take longer than that is gaining momentum.

The adverse economic conditions depicted above have taken a toll, and will continue to weigh down the advertising market in general, and the television advertising segment in particular: it is common knowledge that demand for advertising is highly correlated to the headline macroeconomic variables.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

THE TV ADVERTISING MARKET

At the beginning of 2008 press advertising began to drop off, hit by the collapse in the real estate market and escalating unemployment. Television advertising, however, proved resilient to the economic slowdown through May when for the first time spending shrank year-on-year.

This marked the beginning of a very pronounced slowdown which gradually extended to all sectors. By year-end television advertising spending was falling at rates in the order of 25%, a downdraft since the month of May without precedent in recent audiovisual market history in Spain.

Although at the time of authorizing these financial statements for issue the official Inforadex data for the Spanish advertising market in 2008 had not yet been made public, it is estimated to have contracted by around 11.5% for the full year, implying an extremely negative trend in the second half of the year, as official data for the first half revealed a decline of just 4.1%.

Year-to-date, the television advertising market remains in free fall relative to the first months of 2008, given that this time last year the market was not yet in decline.

Advertising revenue at Gestevisión Telecinco, S.A. stood at 934.8 million euros, down 11.1% on 2007 due to declining demand for advertising starting in the second quarter, a trend which prompted a generalized reduction in average prices per advertising hit from that point on. Telecinco's leadership on pricing and commercial target meant that the slump in demand hit the broadcaster to a greater degree.

In addition, this market trend was aggravated by the aggressive sales policies put in place by the public broadcasters, which opted to pursue a strategy of flogging advertising space on a massive scale without concern for the ultimate price ramifications. This decision, most notably from the second half in conjunction with the broadcast of the Beijing Olympic Games, drove prices lower.

MANAGEMENT REPORT FOR THE YEAR ENDED DECEMBER 31,2008

AUDIENCE LEADER IN ALL TIME SLOTS

For the fifth year running, Telecinco ended 2008 as the clear leader in audience (total viewers, 24 hours), with a share of 18.1%, 2.1 points ahead of Antena 3 (16.0%) and 1.2 points ahead of TVE 1 (16.9%). In prime time, the broadcaster's leading share extended almost 2 points to 20%, 4.8 points head of Antena 3 (15.2%) and 3.8 points ahead of TVE 1 (16.2%).

Focusing on the commercial target, the most attractive audience to advertisers, Telecinco extended its decade long leadership once again with an audience share of 19.6% throughout the day (with a lead of 3.1 and 6.1 points over Antena 3 and TVE 1, respectively) and of 21.5% in prime time (compared to 15.7% at Antena 3 and 13.1% at TVE 1).

These results are more impressive factoring in ongoing audience fragmentation, where the share of audience grouped under the category "Other broadcasters" climbed from 11.3% in 2007 to 13.4% in 2008, boosted by growing penetration of digital terrestrial TV (DTT). This phenomenon, although not significant in terms of the advertising pie due to the large number of broadcasters grouped into this catchall category, does impact audience shares, implying a gradual erosion in the leading broadcaster's figures.

Lastly, Telecinco's renewed leadership in 2008 is a testament to the broadcaster's strength in a year marked by major sporting events such as the European Football Championship and the Olympic Games, with notable successes by Spanish athletes (champions in EURO 2008, victors in the Tour de France and the Giro d'Italia, winner at Wimbledon and the French Open at Roland Garros), events which caused audiences at the channels broadcasting these events to surge temporarily.

SOLID, STABLE AND FLEXIBLE PROGRAMMING, THE KEY TO SUCCESS

Telecinco's success in terms of audience is predicated on programming that is easily recognized by the viewer, based on a range of content that combines established formats with a broad range of new ones. Spanish and foreign fiction series, in-house productions, the strength of live broadcasts and Formula 1 racing were the pillars on which Telecinco once again built its success in 2008, a year in which the network relied on in-house productions for more than 80% of its broadcasts, weaving an intricate balance between long-running, proven hit shows and newer formats in order to reach out to viewers and keep them watching.

EFFICIENT CONTENT STRATEGY

Live broadcasts, in-house productions and innovative formats and series are the basic tools with which Telecinco faces up to the daily challenge of holding on to the audience leadership that its viewers have awarded it.

In 2008 the network reaped the rewards of the content strategy put in place the year before, namely striking shareholder agreements and forging strategic alliances with emerging and established production companies in order to shore up access to quality content at

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reasonable prices. The overriding goal is to enable it to deliver its audience targets while keeping costs in check.

With this strategy, Telecinco achieved a dual objective: (i) locking in the ability to run successful formats on an ongoing basis and (ii) fostering the creativity of emerging television talent. In all cases, the agreements have been supplemented by the acquisition of non-controlling stakes in the production companies, through both Gestevisión Telecinco, S.A. and Atlas España S.A.U.

PROFITABILITY: AN INCREASINGLY SCARCE GOOD

Gestevisión Telecinco, S.A.'s 2008 earnings place it once again among the most profitable networks in the world, despite widespread harsher economic conditions and the slump in advertising.

Although the economic cycle took a drastic turn for the worse in 2008, competition in the Spanish television market continued to heat up and content costs extended their upward spiral, plunging other networks, such as the public broadcasters which have never sought to bring revenue and costs into balance, further into the red, postponing indefinitely the hopes held by some, predicated on the previously ever expanding advertising market, of reaching breakeven any time soon. Similarly, earnings at profitable networks eroded significantly.

The current situation, considering that the economic downturn has not hit bottom and that the tide has yet to turn on heavy outlays for content, highlights that only a sustainable business model capable of working properly throughout boom and bust, ensures the delivery of robust operating margins, positive cash flow generation and the creation of value for shareholders, employees and customers. To the contrary, operators whose business models present structural shortcomings (and in cases are structurally loss-making) run the risk of being unable to compete in the trying times that lie ahead for the television market.

In addition, access to credit has been choked off in the past year in the wake of the global financial crisis, accentuating risks to the sustainability of operating investments in a business such as free-to-air television, which is highly leveraged and requires significant upfront spending in order to generate advertising revenue down the line.

Against this backdrop, Telecinco's results are all the more impressive in a dire year from an economic standpoint.

- Revenue narrowed 2 in 2008 to 981.8 million euros.
- Total costs meanwhile narrowed 0.2% on 2007. This control was facilitated by Telecinco's business model, which is predicated on in-house programming, which in turn mitigates the operational gearing inherent in the television business, although this pattern was also shaped by the reversal of a contingency provision in 2008.
- Profit from operations amounted to 386.7 million euros (2007: 485.3 million euros). Expressed as a percentage of revenue, this represents an excellent margin of 39.4%.

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- Net profit for the year came to 212 million euros (2007: 353 million euros), driven in large part by the share in equity accounted companies' profits.

DIVIDENDS

In 2008, it was resolved at the Annual General Meeting of April 9 to pay out an ordinary dividend of 317 million euros from 2007 profit, equivalent to 1.30 euros per share outstanding and a payout of close to 90% of consolidated profit for the year.

This year, the Board of Directors plans to submit a resolution to pay an ordinary dividend of 0.87 euros per share outstanding from 2008 earnings at the Annual General Meeting. The proposed dividend translates into a payout of 100% of Group profit for the year.

INVESTMENT IN RIGHTS AND FILM PRODUCTION

In 2008 Telecinco forged ahead with its policy of investing in audiovisual broadcasting rights which has proven so successful in recent years, selecting carefully the types of content in order to maintain audience figures in the future and provide the most fertile ground for the advertising business. Telecinco again placed special emphasis on investment in Spanish fiction series.

The activities undertaken by Telecinco Cinema, the company charged with film production under Telecinco's legal requirement to earmark 5% of its revenue to Spanish and European film production, merit special mention.

Faced with this legal requirement, Telecinco has opted to produce high quality commercial film projects with an international profile with the dual objective of generating a return on the significant investments made and shaking up the Spanish cinema market. The idea is to fund film productions that successfully combine talent and profit criteria by providing opportunities to emerging film makers.

Telecinco's determination to turn a legal obligation into a business that contributes to the development of the Spanish film-making sector has led to the production of some of the highest grossing blockbusters of recent years. This is true of "Alatriste", "Pan's Labyrinth", "The Orphanage", "The Oxford Murders" and the big-budget production on the life of Ché Guevara, which made cinema history for its excellent reviews, multiple prizes and box office takings in Spain and abroad. International box office success has long been the Achilles heel of Spanish film-making.

As part of this strategy, Telecinco Cinema continued to produce big budget pictures in 2008, most noteworthy among which is "Agora", the new film directed by Alejandro Amenábar which is making big screen history ahead of its release (slated for 2H09) as the most ambitious full-length motion picture ever made in Spain.

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NEW GROWTH ALTERNATIVES IN INTERNATIONAL MARKETS

In 2008 Telecinco opened up a new front in its international expansion with the acquisition, via Group company Pegaso, of 29.2% of CaribeVisión, a recently founded Spanish-speaking network broadcasting along the east coast of the US.

This transaction marks a significant strategic commitment to the burgeoning US Spanish speaking population; this segment's economic significance is evident in terms of its contribution to GDP, faster than average growth rates and share of the advertising pie. Through this strategic alliance, Telecinco brings its vision of the business and know-how to a potentially attractive television venture in terms of growth and profit potential, in which it has the chance to participate from the outset, alongside other prestigious and experienced shareholders.

Telecinco's entry into the US market comes on the heels of its major acquisition of one-third of Endemol, together with first class private equity investors. With this ambitious initiative, the network has gained a foothold in the world of content on a global scale through a profitable and well-managed company with enormous reach and creative talent. In addition, the funding needed to complete this transaction was financed by Telecinco from internally generated cash flow; the network did not have to raise debt or increase leverage to get it done.

With these two carefully selected acquisitions, Telecinco, without neglecting its core Spanish business, is attempting to identify new business opportunities that will contribute to strengthening its business model medium term.

DIGITAL TELEVISION

In 2004 Telecinco completed its full technical digitalization process and started to broadcast two new digital channels using in-house programming from November 2005, which it continued in 2006 and 2007. These two new digital channels, which complement Telecinco's analogue broadcasts, endeavor to offer, within the prevailing limitations posed by the penetration of digital terrestrial TV, alternative programming to Telecinco's analogue line-up.

Early 2008, Telecinco made significant name and content changes at its two digital channels to create Telecinco 2, a generalist channel structured around news, sports and reality programming and FDF Telecinco, a channel which leverages a well-known brand in the industry to broadcast a range of the network's films and drama series.

Last year technical penetration of DTT services reached 90%, with a little over 14 million decoders, while effective penetration rose to almost 44% of households. In terms of audience, share jumped from 9.5% at the end of 2007 to 21.9% a year later. However, over 70% of this figure corresponds to simulcast broadcasting by the analogue networks, bringing the share of strict DTT viewers down to just 6% of the total, a negligible reading considering existing fragmentation, which means that non-simulcast broadcasters are not yet making waves in the market, especially from an advertising standpoint. In addition, the short and medium outlook for continued

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weak demand for advertising underpins the thesis that the day DTT broadcasting will make meaningful inroads into the free-to-air generalist television sector is still some way off.

STEADY SHARE PRICE PERFORMANCE

2008 was a devastating year for equities in general and for the media sector in particular. In Spain, the benchmark IBEX 35 index corrected by 39.4% over the course of the year. The investor panic triggered by the widespread financial crisis, coupled with the sudden change in fortunes in the advertising market, proved too heady a cocktail for the market, which gradually lost faith in the broadcasters, a panorama which foreseeably could persist until there is a glimmer of a turnaround on the horizon.

Key data concerning Telecinco's share price performance in 2008:

Share price correction: 56.9%, from 17.51 euros to 7.55 euros.

Market value on last trading session of 2008: 1,862.1 million euros.

Trading volume: 4,350.2 million euros.

The intra-day high was recorded on January 2 (17.72 euros) and the low on October 10 (5.54 euros).

TREASURY SHARES

In 2008, pursuant to the authorization granted at the Annual General Meeting, the Company acquired treasury shares to cover the stock option plan still in effect for directors and key management.

By year-end the Company had acquired a total of 3,106,913 shares which cover the 2005 and 2007 stock option plans in full; a portion of the 2006 plan has still to be covered.

HEDGING

The Company arranges foreign exchange hedges in connection with foreign currency denominated transactions (primarily the acquisition of external production rights). These hedges are designed to prevent exchange rate fluctuations from impacting the income statement via the accounts payable arising from these transactions. Specifically, the Company buys foreign currency forward for the amounts payable so as to match the forecast payment dates. These hedges are arranged when the Company recognizes the corresponding rights on the balance sheet.

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BUSINESS OUTLOOK

In 2009 the Company's business will not prove immune to the general economic climate or to the ramifications this will have on demand for television advertising which is the core revenue driver at a generalist network such as Telecinco. Accordingly, the advertising sales strategy will be adapted as circumstances evolve, adjusting prices and volumes with a view to maximizing revenue as function of the intersection between supply and demand, the reaction of its direct competitors, and demands placed by the more active advertiser segments.

In terms of audience share targets, and in consideration of the network's relative positioning at the time of writing, the focus is to hold on to the leadership spot in the prime time slot and increase share in the day time slot with a view to achieving a more balanced mix so as to improve advertising yields. To this end, Telecinco has purchased the broadcasting rights to two prominent football events: The FIFA Confederations Cup to take place in June 2009, with the participation of some of the most prestigious footballing nations, including Spain, and the UEFA Cup, where broadcasts will begin in September 2009.

From a business standpoint, Telecinco will preserve its traditional attention to cost control, at all times circumscribed by the need to maintain a high quality programming line-up which is the calling card of competitiveness in terms of audience and advertising revenue. This is why the network believes its margins will remain the highest in the market despite intense competitive pressure.

In terms of financial health and solvency, the virtual absence of debt and the existence of sizeable credit lines on competitive market terms, place Telecinco in an enviable position in terms of content purchases and potential investment opportunities in light of prevailing high borrowing costs and persistent restricted access to credit at levels.

From an industry standpoint, the network plans to continue to focus on DTT broadcasting via Telecinco, Telecinco 2 and FDF Telecinco, optimizing content as a function of the actual business conditions, costs, viewers and scope for advertising monetization.

The network also plans to forge ahead with its production strategy predicated on active collaboration via medium term agreements with the companies in which it has taken non-controlling ownership stakes.

Lastly, Telecinco plans to uphold its internet strategy, an initiative which has prompted it to overhaul its website and take a 100% stake in Conecta 5, which operates the network's content on the net.

SOCIAL RESPONSIBILITY

The growing importance that companies are attaching to socially responsible business practice is all the more important at Telecinco due to its visibility and role in the mass media. Among the various initiatives undertaken by Telecinco, "12 meses, 12 causas" (12 months, 12 causes) stands out because of how it harnesses the Company's full potential, namely the vast reach of a leading broadcaster. "12 meses, 12 causas" is a social awareness project created to inform and make the network's viewers more aware of the most topical social issues. To this end, Telecinco produces and broadcasts a spot each month conveying a specific message that seeks to engage and involve its viewers. In this way, Telecinco puts a sizeable chunk of its source of revenue, i.e. its limited advertising space, to work on behalf of society.

In addition, in order to reach a younger audience and maximize the impact of each cause, "12 meses, 12 causas" also conveys its messages through the network's programs, the website (www.12meses12causas.com) and special 360-degree initiatives in multiple media devised to boost interaction with viewers.

In-house, last year Telecinco continued to invest heavily in its employees' professional development, stepping up training, among other initiatives.

SHARE CAPITAL STRUCTURE

The Company's share capital totals 123,320,928 euros, made up of 246,641,856 shares of the same class represented by book entries and with a par value of 0.50 euros each.

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

Gestevisión Telecinco, SA is a member of the IBEX 35 index since January 3, 2005.

RESTRICTIONS ON THE TRANSFER OF SECURITIES

There are no restrictions on the transfer of the shares except as provided in article 21 of Spain's Private Television Law, 10/1988, of May 3, pursuant to which:

1. Any individuals or legal entities intending to directly or indirectly acquire a significant ownership interest in the share capital of a concession holder shall give prior notification to the Ministry of Infrastructure and Development, indicating the percentage of the aforementioned ownership interest, the terms and conditions of the acquisition and the deadline for the transaction. A significant ownership interest in a concession holder of an essential television service shall be deemed to be a direct or indirect holding of at least five per cent of the share capital or of the voting rights attaching to the entity's shares.

2. The Ministry of Infrastructure and Development shall also be notified, in accordance with paragraph 1, of the intention to directly or indirectly increase the ownership interest so that the percentage ownership of the share capital or voting rights is equal to or exceeds any of the following thresholds: 5, 10, 15, 20, 25, 30, 35, 40 or 45 per cent.

3. The Ministry of Infrastructure and Development shall have three months from the date of entry of the related notification in any of the Department's registers to notify the acceptance or rejection of the intended acquisition. Acquisitions may be ruled out based on the lack of transparency of the structure of the group to which the acquirer may ultimately belong or on the existence of relations

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between the person or entity that intends to acquire the ownership interest and another concession holder of an essential television service that may breach the principle of non-concentration of media that underpins this Law.

4. The acquisition must be completed within a month of the aforementioned acceptance.

5. The provisions of this article shall apply without prejudice to the regulations governing significant ownership interests established in Securities Market Law 24/1988, of 28 July.

6. After the acquisition has been closed subject to the prior notification procedure provided for herein, the acquirer shall inform the Ministry of Infrastructure and Development, which shall file it in the Special Register of Concession Holders. In order for the registration to be completed, the seller shall also notify the Ministry of Infrastructure and Development of all transfers of shares by the concession holder which may result in a reduction of the ownership percentages below the thresholds established in paragraph 2 above.

Notifications of acquisitions or transfers in accordance herewith shall be made within a month of the related event.

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SIGNIFICANT SHAREHOLDINGS

In so far as Telecinco's shares are represented via the book entry system, the shareholder register is managed by a third party entity, so that it is not possible to provide the Company's ownership structure in greater detail than disclosed legally-prescribed significant interests, which at the date of authorizing this report for issuance, were as follows:

Name	% DIRECT SHAREHOLDING	% INDIRECT SHAREHOLDING	% OF TOTAL	DATE OF FILING WITH REGULATOR (CNMV)
BERLUSCONI, SILVIO	0.000	50.135	50.135	27/01/2006
MEDIASET INVESTIMENTI S.P.A.	50.135	0.000	50.135	27/01/2006
VOCENTO, S.A.	5.080	0.000	5.080	13/01/2009
TWEEDY BROWNE COMPANY LLC	0.000	5.291	5.291	06/10/2008
TWEEDY BROWNE GLOBAL VALUE FUND	3.150	0.000	3.150	02/10/2008
FIDELITY INTERNATIONAL LIMITED	0.000	1.011	1.011	12/12/2008
HARRIS ASSOCIATES L.P.	0.000	4.708	4.708	14/10/2008

RESTRICTIONS ON VOTING RIGHTS

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

SHAREHOLDER AGREEMENTS

There are no shareholder agreements currently in force.

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

A. Appointment and removal of directors.

Article 41 of the Company bylaws:

1. Directors shall be appointed pursuant to a resolution of the shareholders at the General Meeting, adopted in accordance with the requirements of article 102 of the Spanish Corporation Law.
2. Notwithstanding the foregoing, the designation of directors through the proportional system referred to in article 137 of the Spanish Corporation Law is duly safeguarded.
3. In the event of a vacancy during the term for which the directors were appointed, the Board may co-opt a shareholder to occupy the position until the earliest General Meeting.

Article 54 of the Company bylaws:

1. Directors shall be appointed for a period of five years and may be re-elected for one or more subsequent terms of equal length. The appointment shall lapse at the end of the term once the subsequent General Meeting has been held or at the end of the legal term established for calling the Annual General Meeting.
2. The appointment of directors designated by cooptation shall be deemed to have been made and the directors shall exercise their functions up to and including the date of the next General Meeting, without prejudice to the shareholders' powers of ratification at the General Meeting.
3. Independent directors may exercise their functions for a maximum period of twelve (12) years and may not be re-elected after such period except subject to a favorable report by the Appointments and Remuneration Committee.

Article 55.- Removal of directors

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

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

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

B. Amendments to the Company's bylaws.

Artículo 34.- Adopción de acuerdos.

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.

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

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

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

1. Except for matters reserved solely to General Meeting, the Board of Directors is the Company's highest decision-making body.
2. The Board of Directors has all the powers required to manage the Company. However, the management of the Company's ordinary business shall generally be entrusted to the steering committees and to the management team and the Board of Directors shall focus on establishing the Company's general strategy and exercising general supervisory functions. In any case, decisions on the following matters are the exclusive reserve of the Board of Directors and may not be delegated:

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

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

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

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

e) Payment of interim dividends.

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

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

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

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

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

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

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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 Telecinco 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 fulfill.

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

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

t) Approval of Company policy on treasury shares.

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

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

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

x) Authorization, following a favorable report of the Audit and Compliance Committee, of the related-party transactions that Telecinco may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfill 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 Telecinco'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.

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

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

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

These transactions may be undertaken:

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

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

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

9.2 Policy on treasury shares

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

9.3 General principles guiding trading in treasury shares

Trading in treasury shares shall conform to the following principles:

9.3.1 Compliance with regulations

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

9.3.2 Purpose

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

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9.3.3 Transparency

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

9.3.4 Insider information

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

9.3.5 Neutrality in price formation

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

9.3.6 Brokerage

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

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9.3.7 Counterparty

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

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

9.4 Stock option plans

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

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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 Telecinco Group's managing bodies.

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

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

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

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

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

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

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

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

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

POSITION	Guarantee or golden parachute clause
General Manager	Termination of contract by the Company (except for just cause): (in replacement of legally prescribed severance, unless the latter is higher) Termination between 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
General Manager	Termination of contract for reasons attributable to the Company or the suspension, modification or restriction of the manager's functions by the Company: the higher of the following indemnities: A) An indemnity starting at 1,020,000 euros, declining at 34,000 euros per month for the 30 months following execution of the agreement (30/01/2006) until reaching zero. B) 12 months current salary.
General Manager	Termination of contract by the Company (except for just cause): · Years of service between 22/01/01 and 31/12/04: 7 days' salary per year up to a maximum of 6 months' pay, or 20 days' salary up to a maximum of 12 months' pay, depending on the grounds for dismissal. · Years of service from 01/12/05: 45 days' salary per year worked up to a maximum of 12 months' pay. The salary base used for the calculation shall be the fixed salary plus bonus (subject to a minimum bonus of 30,000).

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