

Promotora de Informaciones, S.A. (Prisa) and Subsidiaries

**Consolidated Financial Statements
and Directors' Report for 2007,
together with Auditors' Report**

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Promotora de Informaciones, S.A.:

We have audited the consolidated financial statements of PROMOTORA DE INFORMACIONES, S.A. (PRISA) and SUBSIDIARIES comprising the consolidated balance sheet at 31 December 2007 and the related consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity and notes to the consolidated financial statements for the year then ended. The preparation of these consolidated financial statements is the responsibility of the Parent's directors. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of their presentation, of the accounting policies applied and of the estimates made.

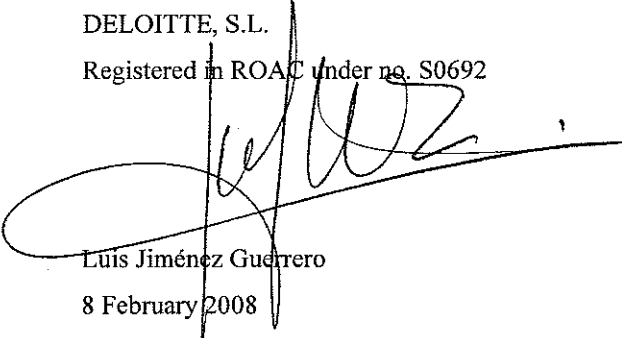
As required by Spanish corporate and commercial law, for comparison purposes the Parent's directors present, in addition to the figures for 2007 for each item in the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity, the figures for 2006. Our opinion refers only to the consolidated financial statements for 2007. On 16 February 2007, we issued our auditors' report on the 2006 consolidated financial statements, in which we expressed an opinion qualified in relation to the consolidated income statement for that year, which does not apply to 2007.

In our opinion, the accompanying consolidated financial statements for 2007 present fairly, in all material respects, the equity and financial position of PROMOTORA DE INFORMACIONES, S.A. (PRISA) and SUBSIDIARIES at 31 December 2007 and the results of their operations, the changes in the consolidated equity and their consolidated cash flows for the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with International Financial Reporting Standards as adopted by the European Union applied on a basis consistent with that of the preceding year.

The accompanying consolidated directors' report for 2007 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2007. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the Group's accounting records.

DELOITTE, S.L.

Registered in ROAC under no. S0692



Luis Jiménez Guerrero

8 February 2008

Promotora de Informaciones, S.A. (Prisa) and Subsidiaries

Consolidated Financial Statements and
Consolidated Directors' Report for 2007, together
with Auditors' Report

PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND SUBSIDIARIES

Consolidated financial statements for 2007 prepared in accordance with International Financial Reporting Standards as adopted by the European Union, together with consolidated directors' report for 2007.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Financial Statements for 2007 prepared in accordance with
International Financial Reporting Standards as adopted in the European Union

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006
(Thousands of Euros)

ASSETS	Notes	31/12/07	31/12/06
A) NON-CURRENT ASSETS		4,832,655	4,174,445
I. PROPERTY, PLANT AND EQUIPMENT	4	423,163	475,985
II. INVESTMENT PROPERTY	3c	85	12,331
III. GOODWILL	5	2,420,078	1,547,561
IV. INTANGIBLE ASSETS	6	444,337	400,723
V. NON-CURRENT FINANCIAL ASSETS	7	157,166	86,837
VI. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	13,248	280,744
VII. DEFERRED TAX ASSETS	19	1,364,975	1,359,081
VIII. OTHER NON-CURRENT ASSETS		9,003	11,283
B) CURRENT ASSETS		1,621,418	1,756,105
I. INVENTORIES		325,160	270,322
II. TRADE AND OTHER RECEIVABLES		964,074	658,203
1. Trade receivables for sales and services		41,814	27,970
2. Receivable from associates		100,205	126,397
3. Receivable from public authorities	19	183,855	179,439
4. Other receivables		(74,264)	(46,151)
5. Allowances		1,215,684	945,858
III. CURRENT FINANCIAL ASSETS		7,456	5,162
IV. CASH AND CASH EQUIVALENTS		72,827	534,538
V. OTHER CURRENT ASSETS		291	225
C) ASSETS HELD FOR SALE	14	72,887	93,971
TOTAL ASSETS		6,526,360	6,024,521

EQUITY AND LIABILITIES	Notes	31/12/07	31/12/06
A) EQUITY	9	1,353,547	1,157,234
I. SHARE CAPITAL		22,036	21,881
II. OTHER RESERVES		721,503	610,997
III. ACCUMULATED PROFIT		440,972	400,282
- From prior years		248,999	171,373
- For the year. Profit attributable to the Parent		191,973	228,909
IV. TREASURY SHARES		(39,101)	(38,881)
V. EXCHANGE DIFFERENCES		(3,475)	1,497
VI. MINORITY INTERESTS		211,612	161,458
B) NON-CURRENT LIABILITIES		3,124,842	2,803,180
I. EXCHANGEABLE BONDS IN ISSUE	10	158,408	154,674
II. NON-CURRENT BANK BORROWINGS	13	2,558,372	2,252,004
III. DEFERRED TAX LIABILITIES	19	112,531	116,204
IV. LONG-TERM PROVISIONS	11	67,346	50,906
V. OTHER NON-CURRENT LIABILITIES	12	227,785	229,392
C) CURRENT LIABILITIES		2,047,971	1,895,942
I. TRADE PAYABLES		1,253,136	970,309
II. PAYABLE TO ASSOCIATES		25,913	12,377
III. OTHER NON-TRADE PAYABLES		137,863	96,905
IV. CURRENT BANK BORROWINGS	13	536,046	843,410
V. PAYABLE TO PUBLIC AUTHORITIES	19	73,245	43,106
VI. PROVISIONS FOR RETURNS		8,457	5,127
VII. OTHER CURRENT LIABILITIES		33,311	25,708
D) LIABILITIES HELD FOR SALE	14	-	67,165
TOTAL EQUITY AND LIABILITIES		6,526,360	6,024,521

The accompanying Notes 1 to 30 are an integral part of the Consolidated Balance Sheets at 31 December 2007 and 2006.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR 2007 AND 2006
(Thousands of Euros)

	Notes	31/12/07	31/12/06
Revenue	15	3,619,510	2,727,752
Other income	15	76,518	84,006
OPERATING INCOME		3,696,028	2,811,758
Cost of materials used	16	(1,380,568)	(1,083,911)
Staff costs		(623,875)	(517,151)
Depreciation and amortisation charge		(231,438)	(219,734)
Outside services		(910,617)	(677,393)
Variation in operating allowances		(26,558)	(22,883)
Other expenses		(3,041)	(4,738)
OPERATING EXPENSES		(3,176,097)	(2,525,810)
PROFIT FROM OPERATIONS		519,931	285,948
Finance income		21,393	19,125
Finance costs		(218,588)	(131,874)
Exchange differences (net)		1,932	1,954
FINANCIAL LOSS	17	(195,263)	(110,795)
Result of companies accounted for using the equity method	8	(32,056)	(6,025)
Loss from other investments	7	(3,612)	(2,709)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		289,000	166,419
Income tax	19	(26,919)	64,357
PROFIT FROM CONTINUING OPERATIONS		262,081	230,776
Loss after tax from discontinued operations		-	(449)
CONSOLIDATED PROFIT FOR THE YEAR		262,081	230,327
Profit attributable to minority interests		(70,108)	(1,418)
PROFIT ATTRIBUTABLE TO THE PARENT		191,973	228,909
BASIC EARNINGS PER SHARE (in euros)	21	0.92	1.10

The accompanying Notes 1 to 30 are an integral part of the Consolidated Income Statements for 2007 and 2006.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRS as adapted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR 2007 AND 2006 (Thousands of Euros)

	31/12/07	31/12/06
PROFIT FROM OPERATIONS	519,931	285,948
Depreciation and amortisation charge	231,438	219,734
Changes in working capital	33,729	118,670
Inventories	(54,838)	(166,049)
Accounts receivable	(269,826)	(452,906)
Accounts payable	358,393	737,250
Other current assets	0	375
CASH FLOWS FROM OPERATING ACTIVITIES	785,098	624,352
Recurrent investments	(212,597)	(199,094)
Investments in intangible assets	(132,766)	(106,480)
Investments in property, plant and equipment	(79,831)	(92,298)
Investments in property	0	(316)
OPERATING CASH FLOW	572,501	425,258
Investments in non-current financial assets and other non-recurrent investments	(655,619)	(1,041,331)
Financial loss	(195,263)	(110,796)
Dividends paid	(33,705)	(30,204)
Current financial assets	(2,294)	(32)
Increase (Decrease) in non-current bank borrowings	306,368	1,940,909
Increase (Decrease) in current bank borrowings	(307,364)	523,238
Other	(146,335)	(1,195,746)
CHANGE IN CASH FLOWS IN THE YEAR	(461,711)	511,296
Change in cash and cash equivalents	(461,711)	511,296

The accompanying Notes 1 to 30 are an integral part of the Consolidated Cash Flow Statements for 2007 and 2006.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs
as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.*

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2007 AND 2006
(Thousands of Euros)

	Share Capital	Share Premium	Reserves	First-Time Application of IFRSs	Prior Years' Accumulated Profit	Treasury Shares	Exchange Differences	Accumulated Profit for the Year	Equity Attributable to the Parent	Minority Interests	Total Equity
Balance at 31 December 2005	21,881	108,369	494,268	(72,535)	163,694	(32,766)	10,639	152,809	846,359	18,896	865,255
Treasury share transactions											
- Delivery of treasury shares						63			63		63
- Sale of treasury shares						1,641			1,641		1,641
- Purchase of treasury shares						(7,819)			(7,819)		(7,819)
Distribution of 2005 profit											
- Directors' remuneration											
- Dividends									(1,322)		(1,322)
- Reserves			76,640		44,643				(30,204)		(30,204)
Income and expense recognised in equity											
- Translation differences					(11,360)				(20,502)		(20,502)
- Change in revaluation reserves					4,123		(9,142)		4,123		4,123
- Other			4,255		(29,727)				(25,472)		(25,472)
Changes in minority interests											
- Dividends paid during the year										(20,163)	(20,163)
- Due to changes in scope of consolidation										166,135	166,135
- Due to changes in percentage of ownership										24,863	24,863
- Other										(29,691)	(29,691)
Profit for 2006								228,909	228,909	1,418	230,327
Balance at 31 December 2006	21,881	108,369	575,163	(72,535)	171,373	(38,861)	1,497	228,909	995,776	161,458	1,157,234
Capital increase (Note 9)	155	20,522									
Treasury share transactions (Note 9-g)											
- Delivery of treasury shares						63			63		63
- Sale of treasury shares						(283)			(283)		(283)
- Purchase of treasury shares											
Distribution of 2006 profit											
- Directors' remuneration											
- Dividends									(1,322)		(1,322)
- Reserves			106,294		87,588				(33,705)		(33,705)
Income and expense recognised in equity (Note 9-f)											
- Translation differences					(11,422)				(16,394)		(16,394)
- Change in revaluation reserves					9,684		(4,972)		9,684		9,684
- Other			(16,310)		(8,224)				(24,534)		(24,534)
Changes in minority interests											
- Dividends paid during the year										(12,925)	(12,925)
- Due to changes in scope of consolidation										32,013	32,013
- Due to changes in percentage of ownership										(40,729)	(40,729)
- Other										1,687	1,687
Profit for 2007								191,973	191,973	70,108	262,081
Balance at 31 December 2007	22,036	128,891	665,147	(72,535)	248,999	(39,101)	(3,475)	191,973	1,141,935	211,612	1,353,547

The accompanying Notes 1 to 30 are an integral part of the Consolidated Statements of Changes in Equity for 2007 and 2006.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted by the European Union (see Notes 2 and 30). In the event of a discrepancy, the Spanish-language version prevails.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Notes to the consolidated financial statements for 2007 and 2006 prepared in
accordance with International Financial Reporting Standards as adopted by the
European Union

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2007 AND 2006
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRSs) AS ADOPTED BY THE EUROPEAN UNION

(1) DESCRIPTION AND FINANCIAL STATEMENTS OF THE GROUP

Promotora de Informaciones, S.A. ("Prisa") was incorporated on 18 January 1972 and has its registered office in Madrid, at Calle Gran Vía, 32. Its business activities include, inter alia, the exploitation of printed and audiovisual media, the holding of investments in companies and businesses and the provision of all manner of services.

In addition to the business activities carried on directly by the Company, Prisa heads a group of subsidiaries, joint ventures and associates which engage in a variety of business activities and which compose the Group (hereinafter, "the Prisa Group" or "the Group"). Therefore, in addition to its own individual financial statements, Prisa is obliged to present consolidated financial statements for the Group including its interests in joint ventures and investments in associates.

The Group's consolidated financial statements for 2006 were approved by the shareholders at the Annual General Meeting on 22 March 2007.

The consolidated financial statements for 2007, which were authorised for issue by the Company's directors on 7 February 2008, will be submitted for approval by the shareholders at the Annual General Meeting, and it is considered that they will be approved without any changes.

These financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 2-d.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The consolidated financial statements for 2007 were prepared 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 mandatory accounting policies and rules and measurement bases with a material effect, as well as the alternative treatments permitted by the relevant standards in this connection.

In accordance with IFRSs, the following should be noted in connection with the scope of application of International Financial Reporting Standards and the preparation of these consolidated financial statements of the Group:

- IFRSs are applied in the preparation of the consolidated financial information for the Group. The individual financial statements of the companies composing the Group continue to be prepared and presented in accordance with Spanish GAAP.
- In accordance with IFRSs, these consolidated financial statements include the following consolidated statements of the Group for 2007:
 - Consolidated balance sheet
 - Consolidated income statement
 - Consolidated statement of changes in equity
 - Consolidated cash flow statement
- As required by IFRSs, the Group presents, for comparison purposes, the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for 2006, prepared in accordance with IFRSs.
- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for like transactions, events and items in 2007 and 2006.

In relation to the optional early application of other International Financial Reporting Standards which have been already issued but which are not yet in force, the Group did not take any of such options.

At the date of these consolidated financial statements, the following standards had been issued and adopted by the European Union, but had not yet come into force:

- IFRIC 11: Interpretation of IFRS 2-Share-based Payment and Group and Treasury Share Transactions (in force for reporting periods beginning on or after 1 March 2007).
- IFRIC 12: Service Concession Arrangements (in force for reporting periods beginning on or after 1 January 2008).
- IFRIC 13: Customer Loyalty Programmes (in force for reporting periods beginning on or after 1 July 2008).
- IFRIC 14: Interpretation of IAS 19 (in force for the reporting periods beginning on or after 1 January 2008).
- IFRS 8: Operating Segments (in force for reporting periods beginning on or after 1 January 2009).
- Amendments to IAS 23: Borrowing Costs (in force for reporting periods beginning on or after 1 January 2009).
- Amendments to IAS 1: Presentation of Financial Statements (in force for reporting periods beginning on or after 1 January 2009).

The Parent's directors consider that the adoption of these standards would not have a material impact on these consolidated financial statements.

b) Fair presentation and accounting principles

The consolidated financial statements were obtained from the individual financial statements of Prisa and its Subsidiaries and, accordingly, they present fairly the Group's consolidated equity and financial position at 31 December 2007 and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended. The Group prepared its financial statements on a going concern basis. Also, with the exception of the cash flow statement, these financial statements were prepared in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2007 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with IFRSs as adopted by the European Union

c) Responsibility for the information and use of estimates

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

In the consolidated financial statements for 2007 estimates were occasionally made by executives of the Group and of the entities in order to quantify certain of the assets, liabilities and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill to determine the possible existence of impairment losses (*see Note 3-f*).
- The useful life of the property, plant and equipment and intangible assets (*see Notes 3-b and 3-e*).
- The assumptions used in the calculation of the fair value of financial instruments (*see Note 3-k*).
- The assessment of the likelihood and amount of undetermined or contingent liabilities.
- Estimated sales returns received subsequent to year-end.

Although these estimates were made on the basis of the best information available at the date of preparation of these consolidated financial statements on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in the coming years. Changes in accounting estimates would be applied prospectively, recognising the effects of the change in estimates in the related consolidated income statements.

d) Basis of consolidation

The consolidation methods applied were as follows:

Full consolidation-

Subsidiaries are fully consolidated and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after the appropriate adjustments and eliminations relating to intra-Group transactions have been made. Subsidiaries are companies in which the Parent controls a majority of the voting power or, if this is not the case, has the power to govern their financial and operating policies. The fully consolidated companies are listed in Appendix I.

The results of subsidiaries which are acquired or sold during the year are included in the consolidated income statement from the effective date of acquisition or until the effective date of disposal, as appropriate.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Any excess of the cost of acquisition of the subsidiary over the fair value of its assets and liabilities corresponding to the Parent's ownership interest is recognised as goodwill; any deficiency is credited to the consolidated income statement.

The share of third parties of the equity of Group companies is presented under "*Equity - Minority Interests*" in the consolidated balance sheet and their share of the profit for the year is presented under "*Profit Attributable to Minority Interests*" in the consolidated income statement.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interests in excess of the minority interests are allocated to the Parent.

All balances and transactions between fully consolidated companies were eliminated on consolidation.

Proportionate consolidation-

Joint ventures are proportionately consolidated. A joint venture is a contractual arrangement whereby two or more companies ("*venturers*") undertake operations or hold assets so that strategic financial and operating decisions affecting the joint venture require the unanimous consent of the venturers, provided that these operations or assets are not integrated in financial structures other than those of the venturers. The proportionately consolidated companies are listed in Appendix I.

Under this consolidation method, the aggregation of balances and subsequent eliminations are made only in proportion to the Group's ownership interest in the capital of these entities. The assets and liabilities assigned by the Group to jointly controlled operations and the Group's share of the jointly controlled assets and liabilities are recognised in the consolidated balance sheet classified according to their specific nature. Similarly, the Group's share of the income and expenses of joint ventures is recognised in the consolidated income statement on the basis of the nature of the related items.

Equity method-

Associates are accounted for using the equity method. Associates are companies in which Prisa holds direct or indirect ownership interests of between 20% and 50%, or even if the percentage of ownership is less than 20%, it has significant influence over their management. The companies accounted for using the equity method are listed in Appendix I.

Under the equity method, investments are recognised in the balance sheet at the Group's share of net assets of the investee, adjusted, if appropriate, for the effect of transactions performed with the Group, plus any unrealised gains relating to the goodwill paid on the acquisition of the company.

Dividends received from these companies are recognised as a reduction of the value of the Group's investment and the Group's share of the profit or loss of these companies is included, net of the related tax effect, in the consolidated income statement under "*Result of Companies Accounted for Using the Equity Method*".

Other matters-

The items in the balance sheets and income statements of the foreign companies included in the scope of consolidation were translated to euros using the "year-end exchange rate method", i.e. all assets, rights and obligations were translated at the exchange rates in force at year-end, and the income statement items were translated at the average exchange rates for the year. The difference between the value of the equity translated at historical exchange rates and the net equity position resulting from the translation of the other items as indicated above is recognised under "*Equity - Translation Differences*" in the accompanying consolidated balance sheet.

The balance sheet items relating to foreign companies affected by high inflation rates are adjusted to reflect the impact of price fluctuations, pursuant to local regulations, prior to translation to euros. This effect is included separately in these notes to the financial statements in the column entitled "*Monetary Adjustment*". The effect of inflation for the year on the monetary assets and liabilities of these companies is included under "*Finance Costs*" in the accompanying consolidated income statement. The effect of the inflation adjustment on the equity contributed by the companies in which this accounting practice is used is recognised under "*Equity - Exchange Differences*" in the accompanying consolidated balance sheet.

In keeping with standard practice, these consolidated financial statements do not include the tax effect of transferring to Prisa's accounts the accumulated reserves and retained earnings of the other consolidated companies, on the understanding that these balances will be used as equity by said companies.

The data relating to Sociedad Española de Radiodifusión, S.A., Sociedad de Servicios Radiofónicos Unión Radio, S.L., Grupo Santillana de Ediciones, S.L., Gerencia de Medios, S.A., Dédalo Grupo Gráfico, S.L., Promotora de Emisoras de Televisión, S.A., Gran Vía Musical de Ediciones, S.L., Plural Entertainment España, S.L., Grupo Latino de Radiodifusión Chile, Ltda., Sistema Radiópolis, S.A de C.V., Iberoamericana Radio Chile, S.A., Grupo Media Capital SPGS, S.A., Inversiones Grupo Multimedia de Comunicaciones, S.A., Antena 3 de Radio, S.A., Sogecable, S.A. and Inversiones en Radiodifusión, S.A. contained in these notes to

the consolidated financial statements were obtained from their respective consolidated financial statements.

e) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2007 were as follows:

Subsidiaries-

In January 2007 Sociedad Española de Radiodifusión, S.A. acquired an investment of 90.07% in Propulsora Montañesa, S.A. As a result, Cantabria de Medios, S.A., a wholly-owned investee of Propulsora Montañesa, is fully consolidated.

Also, in January 2007 the following companies were incorporated in Brazil: Editora Fontanar, Ltda., an investee owned 99.96% by Editora Objetiva, Ltda. and 0.03% by Editora Moderna, Ltda.; Richmond Educação, Ltda., wholly owned by Editora Moderna, Ltda.; and Uno Educação, Ltda., wholly owned by Editora Moderna, Ltda.

Also, Diário El País Do Brasil Distribuidora de Publicações, Ltda., owned 99.99% by Diário El País, S.L. and 0.01% by Prisa División Internacional, S.L, was incorporated in January 2007.

On 6 February 2007, Promotora de Informaciones, S.A. announced that, through its Portuguese subsidiary Vertix, SGPS, S.A., it had filed with the Portuguese National Securities Market Commission (CMVM) the preliminary announcement of a mandatory takeover bid for all the share capital of Grupo Media Capital, S.G.P.S., S.A. This mandatory takeover bid arose as a result of the outcome of the voluntary takeover bid launched by Vertix, SGPS, S.A. for Grupo Media Capital, SGPS, S.A. in October 2006, following which the ownership interest held by Promotora de Informaciones, S.A. (through Vertix, SGPS, S.A.) in Grupo Media Capital, SGPS, S.A. was 73.70%. As a result of the mandatory takeover bid, Promotora de Informaciones, S.A. (through Vertix, SGPS, S.A.) owned 94.39% of the shares of Grupo Media Capital, SGPS, S.A. Also, in November 2007 Promotora de Informaciones, S.A. (through Vertix, SGPS, S.A.) increased its holding in Grupo Media Capital, SGPS, S.A. to 94.69% by acquiring an additional investment of 0.3%. As a result of these transactions, Grupo Media Capital, SGPS, S.A. ceased to be accounted for by the equity method and started to be fully consolidated from February 2007 onwards.

Also, Gelesa Gestión Logística, S.L., a wholly-owned investee of Grupo Cronos Distribución Integral, S.L. (formerly Gestión de Logística Editorial, S.L.) was incorporated in February 2007.

Promotora de Actividades América 2010, S.L., an investee owned 99.99% by Promotora de Informaciones, S.A. and 0.01% by Prisa División Internacional, S.L. was incorporated in May 2007.

In June 2007 Espacio Editorial Andaluza Holding, S.L. sold all the shares owned by it in El Correo de Andalucía, S.L. (100%) and Diario Jaén, S.A. (59.27%).

Also, in June 2007 GLR Francia, SARL was liquidated through the transfer of its assets and liabilities to Grupo Latino de Radio, S.L.

In July 2007 Media Capital Entertainment- Produção de Eventos, Lda., a Grupo Media Capital, SGPS, S.A. group company, acquired 50% of the shares in Eventos Spot- Agenciamento e Produção de Espectáculos, Lda.

Also, in July 2007 GLR Chile, Ltda. formalised the acquisition of all of the shares in Iberoamericana Radio Chile, S.A. Consequently, the following companies which belong to the consolidated group of the acquired company were included into the scope of consolidation: Abril, S.A., Iberoamerican Radio Holding Chile, S.A., Radiodifusión Iberoamericana Chile, S.A., Compañía de Radios, S.A., Aurora, S.A., Radiodifusora Transitoria, S.A., Sociedad de Radiodifusión El Litoral, S.A. and Blaya y Vega, S.A.

In July 2007 Radio La Cerdanya, S.A., Catalana de Comunicació y Publicitat, S.L., Gironina de Radio, S.A., Radio Costa Brava, S.A., and Bergadana de Radio y Televisión, S.L. were merged by absorption into Ona Catalana, S.A.

In September 2007 Cena Editorial- Edição de Publicações Periódicas, S.A. acquired 40% of the shares of CLMC- Multimedia, S.A. thereby increasing its ownership interest to 90%. As a result, this company ceased to be accounted for using the equity method and started to be fully consolidated.

Also, in September 2007 Sociedad Española de Radiodifusión, S.A. acquired all the shares of Radio Irún, S.L.

In October 2007 Ona Catalana, S.A. was merged by absorption into Sociedad Española de Radiodifusión, S.A. This company is fully consolidated.

In October 2007 Grupo de Edições Santillana, Ltda. (Brazil) was merged by absorption into Editora Moderna, Ltda.

In November 2007 Grupo Cronos Distribución Integral, S.L. acquired all the shares of Distribuidora de Publicaciones Cymba, S.L. and a 65% holding in Districuen, S.L.

Also, in November 2007 Grupo Cronos Distribución Integral, S.L. acquired 30% of the shares of Aldipren, S.A., which in turn is a 35% owned investee of Distribuidora de Publicaciones Cymba, S.L.

In December 2007 Prisacom, S.A. acquired an additional 10% investment in Infotecnia 11824, S.L., thereby increasing its ownership interest to 60%. As a result, this company ceased to be proportionately consolidated and started to be fully consolidated.

On 20 December 2007, Grupo Media Capital, SGPS, S.A. sold Media Capital Outdoor Publicidade, S.A., which engaged in the management and sale of outdoor advertising for EUR 47 million (*see Note 5*).

Also, in December 2007 Prisa División Internacional, S.L. acquired a 50% ownership interest in Grupo Latino de Publicidad Colombia, Ltda., making it this company's sole shareholder. As a

result, this company ceased to be proportionately consolidated and started to be fully consolidated.

In addition, in 2007 the following Group companies were dissolved: Eurotropical de Producciones Discográficas, S.L.U., GDM Publicidad Electrónica, S.A. and Teatro Mais-Actividades Teatrais, Lda.

The main effects arising from the acquisition of the subsidiaries relate basically to the change in the scope of consolidation of Grupo Media Capital, SPGS, S.A. as a result of the acquisition of an additional 61.69% ownership interest in 2007 for EUR 403,085 thousand, giving rise to goodwill of EUR 312,054 thousand (*see Note 5*).

The detail of the main effects on the 2007 consolidated balance sheet of the full consolidation of Grupo Media Capital, SPGS, S.A. is as follows:

	Thousands of Euros
Non-current assets	269,722
Current financial assets and cash and cash equivalents	1,796
Other current assets	85,843
Current and non-current liabilities	(213,738)

As required by paragraph 70 of IFRS 3, it is hereby stated that the impact of consolidating this ownership interest from 1 January 2007 was not material.

The main effects on the balance sheet of the disposals of subsidiaries are summarised as follows:

	Thousands of Euros	
	El Correo de Andalucía, S.L. - Diario Jaén, S.A.	Media Capital Outdoor Publicidade, S.A.
Non-current assets	(13,137)	(30,493)
Current financial assets and cash and cash equivalents	(93)	(6,050)
Other current assets	(6,780)	(39)
Current and non-current liabilities	5,742	6,458
Fair value of net assets sold	14,268	30,124
Cash consideration	12,000	41,500
Other consideration	7,000	5,500
Total consideration	19,000	47,000

Jointly-controlled entities-

Servicios Radiópolis, S.A. de C.V., an investee owned 99.998% by Sistema Radiópolis, S.A. de C.V. and 0.002% by Radio Comerciales, S.A. de C.V., was incorporated in January 2007.

Servicios Xezz, S.A. de C.V., an investee owned 99.998% by Xezz, S.A. de C.V. and 0.002% by Radio Comerciales, S.A. de C.V., was also incorporated in January 2007.

Plural Jempsa, S.L. a 50%-owned investee of Plural Entertainment España, S.L., was incorporated in September 2007.

Associates-

In March 2007 Inversiones Digitales, S.A., Información, Telefonía y Comunicación, S.A. and Sistemtel Telecomunicaciones Bolivia, S.A. were dissolved.

In July 2007 Espacio Editorial Andaluza Holding, S.L. sold its holdings in Novotécnica, S.A., Comercialización de Medios 2000, S.A., Grafivoz, S.A. and Servicom Servicios de Comunicación, S.L. The last three companies are also investees of Novotécnica, S.A. Edicor, S.L., an investee of Comercialización de Medios 2000, S.A., Grafivoz, S.A. and Servicom Servicios de Comunicación, S.L., and Televisión Alpujarra S.L., an investee of Novotécnica, S.A., were also excluded from the scope of consolidation.

In November 2007 Promotora de Emisoras de Televisión, S.A. sold its 33.27% ownership interest in Productora de Televisión de Almería, S.A.

Dédalo Offset, S.L., a wholly-owned investee of Dédalo Grupo Gráfico, S.L., was incorporated in November 2007.

In 2007 Dédalo Grupo Gráfico, S.L. and its subsidiaries were accounted for using the equity method. Previously, the investments in these companies had been recognised in the Group's financial statements assets classified as held for sale (*see Note 14*).

In comparing the information for 2007 and 2006, these changes, the effect of which is presented separately in these notes to the consolidated financial statements in the "*Changes in Scope of Consolidation*" column, should be taken into account.

(3) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2007 and 2006 were as follows:

a) Presentation of the consolidated financial statements

In accordance with IFRS 1, the Group opted to present the assets in its consolidated balance sheet on the basis of a current/non-current assets distinction. Also, income and expenses are presented in the consolidated income statement on the basis of their nature. The cash flow statement was prepared using the indirect method.

As a result of the allocation of the goodwill relating to Sogecable, S.A., for comparison purposes, the 2006 consolidated balance sheet was modified giving rise to an increase of EUR 21,623 thousand increase in "Property, Plant and Equipment", a reduction of EUR 15,136 thousand reduction in "Goodwill" and the generation of a "Deferred Tax Liability" amounting to EUR 6,487 thousand.

b) Property, plant and equipment

Property, plant and equipment are carried at cost, net of the related accumulated depreciation and of any impairment losses.

Property, plant and equipment acquired prior to 31 December 1983 are carried at cost, revalued pursuant to the applicable legislation. Subsequent additions are stated at cost, revalued pursuant to Royal Decree-Law 7/1996 in the case of Diario El País, S.L., Sociedad Española de Radiodifusión, S.A., Prisa División Inmobiliaria, S.L., Promotora de Informaciones, S.A., Ítaca, S.L. and Algarra, S.A.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Period upkeep and maintenance expenses are charged directly to the consolidated income statement.

Property, plant and equipment are depreciated by the straight-line method at annual rates based on the years of estimated useful life of the related assets, the detail being as follows:

	Years of Estimated Useful Life
Buildings and structures	30 - 50
Plant and machinery	5 - 10
Set-top boxes and cards	3 - 7
Other items of property, plant and equipment	4 - 20

The cost of assets held under finance leases is presented under the "Non-Current Assets - Property, Plant and Equipment" line item corresponding to the asset leased, and is depreciated over the expected useful life using the same method as that used to depreciate owned assets.

The gain or loss arising on the disposal or derecognition of an asset is determined as the difference between the sales price and the carrying amount of the asset and is recognised in the income statement.

c) Investment property

Investment property is valued at the cost of acquisition less any accumulated depreciation and is mainly property earmarked for lease under operating leases. Investment property is

depreciated by the straight-line method by distributing the cost of the various items over their estimated useful lives on the basis of the depreciation rates shown in Note 3-b, which constitutes the period over which the companies expect to use them.

d) Goodwill

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts at the date of acquisition or at the date of first-time consolidation is allocated as follows:

- If it is attributable to specific assets and liabilities of the companies acquired, increasing the value of the assets whose market values were higher than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets of the Group.
- If it is attributable to non-contingent liabilities, recognising it in the consolidated balance sheet if it is probable that the outflow of resources to settle the obligation embody economic benefits and the fair value can be measured reliably.
- If it is attributable to specific intangible assets, recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognised as goodwill.

The assets and liabilities acquired are measured provisionally at the date on which the investment is acquired and the related value is reviewed within a maximum of one year from the acquisition date. Therefore, until the definitive fair value of the assets and liabilities has been established, the difference between the acquisition cost and the carrying amount of the company acquired is provisionally recognised as goodwill.

Goodwill is considered to be an asset of the company acquired and, therefore, in the case of a subsidiary with a functional currency other than the euro, it is valued in that subsidiary's functional currency and is translated to euros using the exchange rate prevailing at the balance sheet date.

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is recognised at the carrying amount at 31 December 2003 in accordance with Spanish GAAP. In both cases, since 1 January 2004 goodwill has not been amortised and at the end of each reporting period goodwill is reviewed for impairment (i.e. a reduction in its recoverable amount to below its carrying amount) and any impairment loss is recognised (*see Note 3-f*).

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

e) Intangible assets

The main items included under "*Intangible Assets*" and the measurement bases used were as follows:

Computer software-

"Computer Software" includes the amounts paid to develop specific computer programs and the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortised by the straight-line method over a period ranging from three to six years, depending on the type of program or development, from the date on which it is brought into service.

Prototypes-

This account includes basically prototypes for the publication of books, which are measured at the costs incurred in materials and work performed by third parties to obtain the physical medium required for industrial mass reproduction. The prototypes are amortised by the straight-line method over three years from the date on which they are launched on the market, in the case of text books, atlases, dictionaries and major works, and over two years in the case of other publications. The cost of the prototypes of books that are not expected to be published is charged to the income statement for the year in which the decision not to publish is taken.

New subscribers - Installation and connection-

This item includes the direct costs incurred in the installation of equipment and the connection of new subscribers to digital satellite pay TV, net of accumulated amortisation. These costs are amortised over a useful life of seven years, which is the estimated average subscription period. The Group writes off the unamortised costs in this connection relating to subscriptions cancelled during the year. These costs, which are directly controlled by Sogecable, S.A., are individually identifiable by subscriber and future economic benefits will flow from them for the digital satellite pay TV business.

This item also includes certain costs incurred in installing community digital satellite TV receivers (required to complete the satellite TV signal reception system), net of the related accumulated amortisation. These costs are also amortised over an estimated useful life of seven years.

These costs are amortised by the method described above by crediting directly the related asset account in the balance sheet.

Advances on copyrights-

This account includes the advances paid to authors for the acquisition of book publishing rights. These advances are charged to the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion charged to income. This cost is reviewed each year and, where necessary, an allowance is booked based on the projected sales of the related publication.

Audiovisual rights-

"Audiovisual Rights" in the accompanying consolidated balance sheet includes:

- *Advances on audiovisual productions*: the balance of this item relates to the amounts advanced to producers to make films, series and other audiovisual productions. The Group starts to amortise these amounts from the date of commercial release of the related production, based on the projected revenues to be obtained therefrom.
- *Audiovisual productions*: the balance of this item relates to the costs incurred in making and acquiring audiovisual productions (series and feature films) and in the acquisition, where applicable, of certain rights to screen these productions. These assets are amortised on the basis of the projected income.

The Group starts to amortise the productions from the date of commercial release or from the date on which the rating certificate is obtained, in the case of productions that will be shown at cinemas, or from the date on which the definitive copy is obtained, in the case of television productions.

Since 1 January 2000, the residual value of film productions released since November 1997 has been calculated as the lower of the present value of the future income in the second commercial cycle (ten years) and 15% of the cost of the film. This residual value is amortised over the period of the second commercial cycle of the production (ten years).

- *Screening rights and negatives*: negatives relate to the screening rights to which the Group holds perpetual title. The related acquisition cost is amortised by the declining-balance method over the term of the rights (ten years in the case of negatives).
- *Other rights*: relate to the cost of various long-term audiovisual rights and rights of publicity (including both the cost of rights currently being exploited and the cost of the options to exploit these rights in the future). These rights are amortised, on the basis of the income obtained therefrom, over the term of the related contracts. At the date of preparation of these consolidated financial statements no decision had been taken not to exercise these options, which were recognised at their expected recoverable amount.

Lastly, "*Other Rights*" also includes the advances paid to suppliers of audiovisual and sports rights, which will be recovered at long term.

Other intangible assets-

"*Other Intangible Assets*" includes basically the amounts paid to acquire administrative concessions for the operation of radio frequencies. These are temporary administrative concessions, granted for renewable ten-year periods, which are amortised by the straight-line method over ten years, except in cases where the renewal costs are not material, in which case they are deemed to be assets with an indefinite useful life.

f) Impairment losses

At each balance sheet date, or whenever it is considered necessary, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount

of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate independent cash flows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash-generating units to which goodwill has been assigned and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date or when the circumstances so warrant.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows before tax based on the budgets most recently approved by the directors. These budgets include the best estimates available of the income and costs of the cash-generating units based on industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business (estimating the cash flows for 20 years). These cash flows are discounted to their present value using a pre-tax discount rate that reflects the cost of capital of the business and the geographical area in which it is carried on. The cash flows are calculated taking into account the current time value of money (ten-year Spanish government bond) and the risk premiums generally used by analysts for the business and geographic area (the latter being calculated as the difference between the Spanish government bond and the ten-year bond of the country in which the foreign operation is carried on). The premiums used range from 5.00% to 8.20%.

If the recoverable amount is lower than the asset's carrying amount, the related impairment loss is recognised in the consolidated income statement for the difference.

Impairment losses recognised on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of the impairment loss is recognised immediately as income in the consolidated income statement. An impairment loss recognised for goodwill may not be reversed.

g) Investments accounted for using the equity method

As discussed in Note 2-d, investments in companies over which the Group has significant influence are accounted for using the equity method. The goodwill arising on the acquisition of these companies is also included under this heading.

Investments in companies accounted for using the equity method the carrying amount of which is negative at the balance sheet date are recognised under "*Non-Current Liabilities – Long-Term Provisions*" (see Notes 8 and 11).

h) Assets and liabilities classified as held for sale

Assets are classified as held for sale if their carrying amount is expected to be recovered through a subsequent sale rather than through continuing use in the course of the Company's main business activity. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the disposal, which will foreseeably be recognised as a completed sale within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell and are not depreciated from the date on which they are classified as such (*see Note 14*).

Liabilities associated with assets classified as held for sale are measured at their expected redemption or repayment value.

Assets and liabilities are no longer classified as held for sale if the sale is not completed within one year, and, accordingly, such non-current assets are measured at the lower of (i) their carrying amount before the assets were classified as held for sale, adjusted for any impairment, depreciation or revaluation as if they had not been classified as held for sale; and (ii) their recoverable amount at the date of the decision not to sell.

i) Profit/Loss from discontinued operations

A discontinued operation is a line of business that it has been decided to abandon and/or sell whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

The income and expenses of the discontinued operations are presented separately in the consolidated income statement under "*Loss after Tax from Discontinued Operations*".

j) Inventories

Inventories of raw materials and supplies and inventories of commercial products or finished goods purchased from third parties are measured at the lower of their average acquisition cost and market value.

Work in progress and finished goods produced in-house are measured at the lower of average production cost and market value. Production cost includes the cost of materials used, labour and in-house and third-party direct and indirect manufacturing expenses.

The main inventory item is "*Audiovisual Rights*", which are stated at acquisition cost and are taken to income as follows:

1. Broadcasting rights for "*Canal+*", the premium pay-TV channel:
 - *Film broadcasting rights acquired from third parties*: these rights are taken to income on the basis of the viewing figures for each showing per the Group's audience surveys. The percentages charged for each showing of a film are as follows:

	%
1st showing	52.0
2nd showing	6.1
3rd showing	5.7
4th showing	6.4
5th showing	8.7
6th showing	6.4
7th showing	6.4
8th showing	8.3
	100.0

- *Sporting event broadcasting rights*: these rights are taken to income in full at the date of the first showing.
- *Acquired series broadcasting rights*: the cost of these rights is charged to income on a straight-line basis over the various showings.
- *Other rights*: these relate basically to documentaries, in-house productions and introductory programme slots, and are amortised when they are broadcast.

2. Broadcasting rights for free-to-air television channels:

- *Film and series broadcasting rights acquired from third parties (outside productions)*: these rights are taken to income at the date of the showing. If rights are acquired to broadcast more than one showing, 75% of the cost is charged to income at the date of the first showing and 25% at the date of the second showing.
- *Broadcasting rights for in-house or commissioned production programmes and series*: the cost of these rights is charged to income in full at the date of the first showing.
- *Other rights*: these are recognised as a period expense at the date of the related showing.

Obsolete, defective or slow-moving inventories have been reduced to their realisable value.

The Group assesses the net realisable value of the inventories at the end of each period and recognises the appropriate write-down if the inventories are overstated. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

k) Financial instruments

Non-current financial assets-

"*Non-Current Financial Assets*" includes the following categories:

- *Loans and receivables*: these assets are recognised at amortised cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables. The Group records the related allowance for the difference between the recoverable amount of the receivables and their carrying amount.

- *Held-to-maturity investments*: investments that the Group has the positive intention and ability to hold to the date of maturity. They are carried at amortised cost.
- *Financial assets at fair value through profit or loss*: this category includes the held-for-trading financial assets and financial assets which are managed and valued using the fair value model.
- *Available-for-sale financial assets*: this category includes the remaining assets not included in the three categories above, which relate substantially in full to equity investments. These investments are measured in the consolidated balance sheet at fair value when it can be determined reliably. If the market value of investments in unlisted companies cannot be determined reliably, these investments are measured at acquisition cost or at a lower amount if there is any indication of impairment.

Cash and cash equivalents-

"Cash and Cash Equivalents" in the consolidated balance sheet includes cash on hand and at banks, demand deposits and other short-term, highly liquid investments that are readily convertible into cash and are not subject to risk of changes in value.

Financial liabilities-

Loans, bonds and other similar liabilities are carried at the amount received, net of transaction costs. Interest expenses, including premiums payable on settlement or redemption and transaction costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method. The amount accrued and not paid is added to the carrying amount of the instrument if settlement is not made in the accrual period.

Accounts payable are recognised initially at market value and are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group is exposed to fluctuations in exchange rates in the various countries in which it operates. In order to mitigate this risk, foreign currency hedges are used, on the basis of its projections and budgets, when the market outlook so requires.

Similarly, the Group is exposed to foreign currency risk as a result of potential fluctuations in the various currencies in which its bank borrowings and debts to third parties are denominated. Accordingly, it uses hedging instruments for transactions of this nature when they are material and the market outlook so requires.

The Group is also exposed to interest rate risk since all of its bank borrowings bear interest at floating rates. Consequently, the Group arranges interest rate hedges, basically through contracts providing for interest rate caps.

Additionally, financial derivatives include warrants on Sogecable, S.A. shares, which are measured at fair value by direct reference to their quoted price; changes in value are recognised in the consolidated income statement.

In 2007 the Sogecable Group arranged financial instruments to hedge the short-term price risk of the warrants and options under the share option plans. These instruments are recognised at fair value by direct reference to the quoted price of the share; changes in value are recognised in the consolidated income statement.

Compound financial instruments-

The exchangeable bonds launched by the Group meet the requirements under IFRSs for being considered as "equity instruments". Therefore, the liability component of the net amount received since the issue date was separated from the equity component, which represents the fair value of the embedded option (see Note 10).

l) Long-term provisions

Present obligations at the consolidated balance sheet date arising from past events which could give rise to a loss for the Group, which is uncertain as to its amount and/or timing, are recognised in the consolidated balance sheet as provisions at the present value of the most probable amount that it is considered the Group will have to pay to settle the obligation.

Provision for taxes-

"*Provision for Taxes*" relates to the estimated amount of the tax debts whose exact amount or date of payment has not yet been determined, since they depend on the fulfilment of certain conditions.

Provisions for third-party liability-

At the end of 2007 certain litigation and claims were in process against the Group companies arising from the ordinary course of their operations. 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.

"*Provisions for Third-Party Liability*" also includes the estimated amount required to cover potential claims arising from obligations assumed by the consolidated companies in the course of their commercial operations and the estimated termination benefits payable to employees whose contracts will foreseeably be terminated.

m) Revenue and expense recognition

Revenue and expenses are recognised on an accrual basis, regardless of when the resulting monetary or financial flow arises.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, and other sales-related taxes. Revenue associated with the rendering of services is also recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be estimated reliably. Sales of goods are recognised when substantially all the risks and rewards have been transferred.

n) Offsetting

Asset and liability balances must be offset and, therefore, the net amount is presented in the consolidated balance sheet when, and only when, they arise from transactions in which, contractually or by law, offsetting is permitted and the Company intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

o) Tax matters

The current income tax expense or revenue represents the sum of the current tax expense and the deferred tax assets and liabilities. The current income tax expense, which determines the payment obligation to the tax authorities, is calculated by applying the tax rate in force to the taxable profit, after deducting the tax relief and tax credits generated and taken in the year.

Deferred tax assets and liabilities arise from temporary differences defined as the amounts expected to be payable or recoverable in the future which result from differences between the carrying amounts of assets and liabilities and their tax bases. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax assets may also arise from tax loss and tax credit carryforwards.

Deferred tax liabilities are recognised for all taxable temporary differences, unless the temporary difference arises from the initial recognition of goodwill or the initial recognition (except in the case of a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit when it is carried out.

Deferred tax assets are recognised for temporary differences to the extent that it is considered probable that the consolidated companies will have sufficient taxable profits in the future against which the deferred tax asset can be utilised, and the deferred tax assets do not arise from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit. The other deferred tax assets (tax loss and tax credit carryforwards) are only recognised if it is considered probable that the consolidated companies will have sufficient future taxable profits against which they can be utilised.

The deferred tax assets and liabilities recognised are reassessed at each balance sheet date in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed and the tax rate then in force.

In Spain, Promotora de Informaciones, S.A. files consolidated tax returns as permitted by the Spanish Corporation Tax Law. It is the Parent of tax group number 2/91 which includes all its subsidiaries (*see Appendix I*) that meet the requirements established in the legislation governing the taxation of the consolidated profit of corporate groups.

Sogecable, S.A. also files consolidated tax returns in Spain as part of consolidated tax group number 61/96, which includes all the subsidiaries that meet the requirements established in the legislation governing the consolidated tax regime (*see Appendix I*).

p) Foreign currency transactions

Foreign currency transactions are translated to euros (the Group's functional currency) at the exchange rates ruling at the transaction date. During the year, differences arising between the result of applying the exchange rates initially used and that of using the exchange rates prevailing at the date of collection or payment are recognised as finance income or finance costs in the consolidated income statement.

Also, balances receivable or payable at 31 December each year in currencies other than the functional currency in which the consolidated companies' financial statements are denominated are translated to euros at the year-end exchange rates. Any resulting translation differences are recognised as finance income or finance costs in the consolidated income statement.

q) Current/non-current classification

Debts are recognised at their effective amount and debts due to be settled within 12 months from the balance sheet date are classified as current items and those due to be settled within more than 12 months as non-current items.

r) Share-based payment

The Group makes cash-settled and equity settled share-based payments to certain employees, which are recognised in accordance with IFRS 2. Under the terms of the share option plan of Promotora de Informaciones, S.A., equity-settled share-based payments are measured at fair value at the date of grant and are charged to income on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, with a credit to "Equity - Other Reserves". Under the terms of the share option plan of Sogecable, S.A., the Group recognises a liability for the maximum cost at the current date of implementing the plans approved and outstanding at any time, which is updated periodically based on the price of the share; any resulting change in value is recognised in the consolidated income statement for the year.

s) Consolidated cash flow statements

The following terms are used in the consolidated cash flow statements with the meanings specified:

- Net debt: is the amount of current and non-current "Bank Borrowings" less "Cash and Cash Equivalents", less "Current Financial Assets".
- Cash flows from operating activities: cash flows from activities constituting the main object of the Group's business.
- Recurrent investments: acquisitions of property, plant and equipment, intangible assets and investment property in order to maintain and, in some cases, develop the operating capacity of each business line.
- Operating cash flow: is the net cash flow from the operating activities less recurrent investments.

- Investments in non-current financial assets: are those made to acquire investments in companies.
- Financial loss: the net financial profit or loss arising from finance income and costs.
- Dividends paid: dividends paid by the Parent.

t) Working capital

In 2007 the Group's current liabilities exceeded current assets, mainly as a result of the consolidation of the Sogecable Group. The Group's directors consider that in view of the income that will be generated in the future and of the financing currently available, sufficient funds will be available to enable the Group's debts to be settled as they fall due (*see Notes 13 and 26*).

u) Environmental impact

In view of the printing activities carried on by certain consolidated Group companies, basically Diario El País, S.L., and in accordance with current legislation, these companies control the degree of pollution caused by waste and emissions, and have an adequate waste disposal policy in place. The expenses incurred in this connection, which are not material, are expensed currently.

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results.

(4) PROPERTY, PLANT AND EQUIPMENT

2007

The changes in 2007 in "Property, Plant and Equipment" in the consolidated balance sheet were as follows:

	Thousands of Euros							Balance at 31/12/07
	Balance at 31/12/06	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consol- idation	Additions	Disposals	Transfers	
Cost:								
Land and buildings	232,513	1,420	(3,931)	12,527	2,921	(3,775)	(86,102)	155,573
Plant and machinery	318,906	884	(2,949)	89,777	31,029	(10,827)	25,219	452,039
Set-top boxes and cards	558,285	-	-	-	22,904	(134,636)	-	446,553
Other items of property, plant and equipment	176,584	1,314	(1,814)	23,314	13,209	(17,047)	(15,249)	180,311
Advances and property, plant and equipment in the course of construction	16,424	1	(65)	7,463	9,768	(1,913)	(18,615)	13,063
Total cost	1,302,712	3,619	(8,759)	133,081	79,831	(168,198)	(94,747)	1,247,539
Accumulated depreciation:								
Buildings	(46,842)	(689)	584	(5,205)	(3,628)	350	28,576	(26,854)
Plant and machinery	(183,977)	(852)	1,936	(74,464)	(33,082)	9,551	(5,526)	(286,414)
Set-top boxes and cards	(438,269)	-	-	-	(40,102)	121,525	-	(356,846)
Other items of property, plant and equipment	(125,523)	(1,030)	1,205	(15,962)	(19,093)	16,568	8,875	(134,960)
Total accumulated depreciation	(794,611)	(2,571)	3,725	(95,631)	(95,905)	147,994	31,925	(805,074)
Impairment losses:								
Buildings	(85)	-	-	-	-	-	-	(85)
Plant and machinery	(630)	-	-	-	39	-	-	(591)
Set-top boxes and cards	(31,501)	-	-	-	-	13,093	-	(18,408)
Other items of property, plant and equipment	-	-	-	-	(240)	22	-	(218)
Total impairment losses	(32,216)	-	-	-	(201)	13,115	-	(19,302)
Property, plant and equipment, net	475,885	1,048	(5,034)	37,450	(16,275)	(7,089)	(62,822)	423,163

The main transactions in 2007 were as follows:

Changes in the scope of consolidation-

The changes in the scope of consolidation related to the companies detailed in Note 2-e, mainly the contribution of the Media Capital, SGPS, S.A. Group.

Additions-

The most significant additions to "Plant and Machinery" relate to Diario El País, S.L. as a result of the expansion and improvement of the production processes at the Madrid and Barcelona printing plants and to Sogecable, S.A. as a result of the investments made in fixtures, machinery and technical equipment required to provide television services in Tres Cantos (Madrid).

The additions to "Set-Top Boxes and Cards" relate to the acquisitions of digital set-top boxes by CanalSatélite Digital, S.L. and DTS Distribución de Televisión Digital, S.A.

Also, the most significant additions to *“Other Items of Property, Plant and Equipment”* relate to the investments in computer and communications equipment associated with technological projects being implemented by the Group.

The additions recognised under *“Advances and Property, Plant and Equipment in the Course of Construction”* relate mainly to the general and technical refurbishment being carried out on the floors occupied by Sociedad de Servicios Radiofónicos Unión Radio, S.L. in the building at Gran Vía 32, in Madrid.

Disposals-

The decreases in the cost, accumulated depreciation and impairment losses relating to *“Set-Top Boxes and Cards”*, arose from the derecognition by the Sogecable Group of digital set-top boxes and cards that were not in proper working order.

Transfers-

Of the total net transfers of property, plant and equipment, EUR 60,028 thousand relate to the reclassification to *“Assets Classified as Held for Sale”* of three buildings owned by the Group for which the decision to initiate a sale process has been taken (see Note 14).

The Prisa Group's fully depreciated property, plant and equipment in use amounted to EUR 375,423 thousand at 31 December 2007.

At 31 December 2007, *“Property, Plant and Equipment”* in the consolidated balance sheet included assets held under finance leases amounting to EUR 23,532 thousand.

In 1996, pursuant to the applicable asset revaluation legislation, the cost of the various property, plant and equipment line items was increased. The consolidated detail of the net revaluation at 31 December 2007 is as follows:

	Thousands of Euros
Land and buildings	1,844
Plant and machinery	1,083
Other items of property, plant and equipment	405
Total	3,332

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant and equipment are exposed. At 31 December 2007, the insurance policies taken out sufficiently covered the related risks.

2006

The changes in 2006 in "Property, Plant and Equipment" in the consolidated balance sheet were as follows:

	Thousands of Euros							Balance at 31/12/06
	Balance at 31/12/05	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consolidation	Additions	Disposals	Transfers	
Cost:								
Land and buildings	174,714	1,471	(5,272)	48,944	26,016	(4,725)	(8,635)	232,513
Plant and machinery	345,139	1,682	(5,462)	88,508	17,026	(51,128)	(76,859)	318,906
Set-top boxes and cards	-	-	-	751,593	27,572	(220,880)	-	558,285
Other items of property, plant and equipment	133,586	463	(2,930)	45,334	12,329	(10,609)	(1,589)	176,584
Advances and property, plant and equipment in the course of construction	22,807	112	(200)	57	30,978	(287)	(37,043)	16,424
Total cost	676,246	3,728	(13,864)	934,436	113,921	(287,629)	(124,126)	1,302,712
Accumulated depreciation:								
Buildings	(44,792)	(578)	1,011	(3,037)	(3,358)	2,093	1,819	(46,842)
Plant and machinery	(214,216)	(1,421)	3,960	(44,998)	(31,450)	44,055	60,093	(183,977)
Set-top boxes and cards	-	-	-	(598,070)	(43,283)	203,084	-	(438,269)
Other items of property, plant and equipment	(92,868)	(265)	2,154	(33,295)	(13,397)	8,951	3,197	(125,523)
Total accumulated depreciation	(351,876)	(2,264)	7,125	(679,400)	(91,488)	258,183	65,109	(794,611)
Impairment losses:								
Buildings	(85)	-	-	-	-	-	-	(85)
Plant and machinery	-	-	-	(802)	-	172	-	(630)
Set-top boxes and cards	-	-	-	(49,297)	-	17,796	-	(31,501)
Total impairment losses	(85)	-	-	(50,099)	-	17,968	-	(32,216)
Property, plant and equipment, net	324,285	1,464	(6,739)	204,937	22,433	(11,478)	(59,017)	475,885

The most significant transactions in 2006 were as follows:

Changes in the scope of consolidation-

The changes in the scope of consolidation related mainly to the change in the method used to consolidate Sogecable, S.A.

Additions-

The additions to "Land and Buildings" related mainly to the allocation of a portion of the goodwill relating to Sogecable, S.A. arising from the takeover bid launched by Prisa for Sogecable in 2006, whereby an additional 20% of Sogecable was acquired, to land owned thereby (see Note 5).

The additions to "Plant and Machinery" related mainly to Sogecable, S.A., as a result of the investments in fixtures, machinery and technical equipment required to provide television services in the building located in Tres Cantos (Madrid), to Diario El País, S.L., in respect of

the expansion and improvement of the production processes at the printing plants, and to Sociedad Española de Radiodifusión, S.A., in connection with the acquisition of items for the operation of the radio business.

The additions to *"Set-Top Boxes and Cards"* related to the acquisitions of digital set-top boxes by CanalSatélite Digital, S.L. and DTS Distribución de Televisión Digital, S.A.

"Other Items of Property, Plant and Equipment" includes, inter alia, the investments in computer and communications equipment associated with technological projects being implemented by the Group.

The main additions to *"Advances and Property, Plant and Equipment in the Course of Construction"* related to the expansion of the colour components of the rotary presses at the printing plants of Diario El País, S.L. in Madrid and Barcelona, and to the general and technical renovation work performed at the facilities occupied by S.S.R. Unión Radio, S.L. at Gran Vía, 32, in Madrid.

Disposals-

Disposals of *"Plant and Machinery"* related to the sale by Diario El País, S.L. of various rotary components at the printing plants in Madrid and Barcelona.

The decreases in the cost, accumulated depreciation and impairment losses relating to *"Set-Top Boxes and Cards"* arose from the derecognition by the Sogecable Group of digital set-top boxes and cards that were not in proper working order.

Transfers-

Of the total net transfers of property, plant and equipment, EUR 57,703 thousand related to the reclassification of the assets of Dédalo Group Gráficos, S.L. and its investees to *"Assets Classified as Held for Sale"*.

At 31 December 2006, Diario El País, S.L. had firm property, plant and equipment purchase commitments amounting to EUR 10,800 thousand to expand the colour components of the rotary presses in Madrid and Barcelona.

The Prisa Group's fully depreciated property, plant and equipment in use amounted to EUR 404,184 thousand at 31 December 2006.

At 31 December 2006, *"Property, Plant and Equipment"* in the consolidated balance sheet included assets held under finance leases amounting to EUR 33,191 thousand.

In 1996, pursuant to the applicable asset revaluation legislation, the cost of the various property, plant and equipment line items was increased. The consolidated detail of the net revaluation at 31 December 2006 is as follows:

	Thousands of Euros
Land and buildings	10,794
Plant and machinery	1,263
Other items of property, plant and equipment	385
Total	12,442

(5) GOODWILL

2007

The detail of the goodwill relating to fully and proportionately consolidated companies and of the changes therein in 2007 is as follows:

	Thousands of Euros						Balance at 31/12/07
	Balance at 31/12/06	Translation Adjustment	Changes in Scope of Consolidation/ Additions	Disposals	Impairment Losses	Transfers	
Antena 3 de Radio, S.A.	6,859	-	-	-	-	-	6,859
Editora Moderna, Ltda.	60,565	-	-	-	-	-	60,565
Editora Objetiva, Ltda.	8,345	566	95	-	-	-	9,006
Espacio Editorial Andaluza Holding, S.L.	14,994	-	-	(14,994)	-	-	-
Gerencia de Medios, S.A.	33,944	-	-	-	-	-	33,944
Grupo Latino de Radio, S.L.	9,109	-	-	-	-	-	9,109
Grupo Media Capital, SPGS, S.A.	-	-	500,544	(27,106)	(1,055)	221,061	693,444
Iberoamericana Radio Chile, S.A.	-	403	43,622	-	-	-	44,025
Ona Catalana, S.A. (*)	20,086	-	-	-	-	-	20,086
Propulsora Montañesa, S.A.	-	-	8,608	-	-	-	8,608
Sistema Radiópolis, S.A. de C.V.	31,338	-	-	-	-	-	31,338
Sogecable, S.A.	1,325,061	-	141,378	-	-	-	1,466,439
Other companies	37,260	(320)	4,532	(1,132)	-	(3,685)	36,655
Total	1,547,561	649	698,779	(43,232)	(1,055)	217,376	2,420,078

(*) Company merged with Sociedad Española de Radiodifusión, S.A. in October 2007 (see Note 2-e).

Per estimates and projections available to the Group's directors, the projected cash flows attributable to these cash-generating units to which the goodwill is allocated will make it possible to recover the carrying amount of each item of goodwill recognised at 31 December 2007.

Changes in the scope of consolidation and additions-

The changes in the goodwill relating to Grupo Media Capital, SPGS, S.A. arose as a result of:

- The goodwill arising from the voluntary takeover bid launched by Prisa, through its subsidiary Vertex, SGPS, S.A., whereby it acquired 40.7% of the shares of Grupo Media Capital, SPGS, S.A. (EUR 197,489 thousand).
- The goodwill arising as a result of the mandatory takeover bid for all the shares of Grupo Media Capital, SPGS, S.A., whereby the percentage of ownership increased by 20.69% (EUR 113,130 thousand).

- The goodwill arising from the acquisition of an additional investment of 0.30% in November 2007 (EUR 1,435 thousand).
- The inclusion of the goodwill existing in the consolidated financial statements of Grupo Media Capital, SPGS, S.A. (EUR 188,490 thousand), of which EUR 14,117 thousand relate to the acquisition of the minority interests of its audiovisual production business (NBP Group), the acquisition of an additional investment of 40% in CLMC Multimedia, S.A. and the acquisition of 50% of the shares of Eventos Spot- Agenciamento e Produção de Espectáculos, Lda.

Also, the additions to the goodwill relating to Sogecable, S.A. arose as a result, through the purchase of shares on the market, of an additional 4.15% of the company's shares.

In accordance with IFRS 3, the Prisa Group began to analyse the allocation of the goodwill relating to Sogecable and Media Capital. In this analysis, the Group considered the values of recognised assets and liabilities and of unrecognised assets and liabilities or intangibles. The analysis of intangible assets included the customer base, audiovisual and sports rights and licenses and trademarks. In the case of Sogecable, the customer base is closely linked to the audiovisual rights contracts and the value of these rights is linked to the supply contracts, which at the date of acquisition were close to maturity. A significant portion of these contracts were renewed after the acquisition by the Prisa Group. On the basis of the analysis conducted, no material amount to be allocated to other assets of these businesses was identified, except for the land on which the Sogecable Group's headquarters stand. Once the allocation process had been completed, the resulting goodwill was segmented on the basis of businesses of the Sogecable Group (free-to-air and pay TV) and of the Media Capital Group (free-to-air TV and other).

The addition to the goodwill relating to Iberoamericana Radio Chile, S.A. arose as a result of the acquisition of all the shares of this company (EUR 22,308 thousand) (*see Note 2-e*). The goodwill of this company relating to its subsidiaries amounts to EUR 21,314 thousand.

Disposals-

The disposal of the goodwill of Espacio Editora Andaluza Holding, S.L. and the disposal of EUR 1,015 thousand from "*Other Companies*", relate to the sale of the regional press business. The capital gain associated with this transaction amounts to EUR 3,466 thousand and is recognised under "*Other Income*" in the consolidated income statement for 2007 (*see Note 2-e*).

The disposal of the goodwill relating to Grupo Media Capital, SPGS, S.A. arose as a result of the sale of all the shares representing the share capital and voting rights of Media Capital Outdoors Publicidade, S.A. for a total of EUR 47,000 thousand, which gave rise to a capital gain of EUR 16,876 thousand recognised under "Other Income" in the consolidated income statement for 2007 (see Note 2-e).

Transfers-

The transfer of the goodwill relating to Grupo Media Capital, SPGS, S.A. arose from the change in the method used to consolidate this company, which in February 2007 ceased to be accounted for using the equity method and started to be fully consolidated.

At 31 December 2007, the Sogecable, S.A. share price exceeded the average unit cost per books.

2006

The detail of the goodwill relating to fully and proportionately consolidated companies and of the changes therein in 2006 is as follows:

	Thousands of Euros						Balance at 31/12/06
	Balance at 31/12/05	Translation Adjustment	Changes in Scope of Consolidation/ Additions	Disposals	Impairment Losses	Transfers	
Antena 3 de Radio, S.A.	-	-	6,859	-	-	-	6,859
Editora Moderna, Ltda.	60,565	-	-	-	-	-	60,565
Editora Objetiva, Ltda.	8,345	-	-	-	-	-	8,345
Espacio Editorial Andaluza Holding, S.L.	14,994	-	-	-	-	-	14,994
Gerencia de Medios, S.A.	33,944	-	-	-	-	-	33,944
Grupo Latino de Radio, S.L.	9,109	-	-	-	-	-	9,109
Ona Catalana, S.A.	20,086	-	-	-	-	-	20,086
Sistema Radiópolis, S.A. de C.V.	31,338	-	-	-	-	-	31,338
Sogecable, S.A.	-	-	1,037,554	(21,623)	-	309,130	1,325,061
Other companies	47,351	(662)	2,221	-	(15)	(11,635)	37,260
Total	225,732	(662)	1,046,634	(21,623)	(15)	297,495	1,547,561

Changes in the scope of consolidation and additions -

The goodwill relating to Antena 3 de Radio, S.A. arose from the change in the method used to consolidate this company, which had previously been accounted for using the equity method, and related to the goodwill recognised at this company in relation to its subsidiaries.

The changes in the goodwill relating to Sogecable, S.A. arose in relation to the following:

- The goodwill arising from the result of the takeover bid launched by Prisa whereby it acquired an additional ownership interest of 20% in Sogecable, S.A. (EUR 942,734 thousand).
- The inclusion of the goodwill existing in the consolidated financial statements of the Sogecable Group (EUR 88,332 thousand), of which EUR 85,905 thousand related to CanalSatélite Digital, S.L.
- The addition to goodwill as a result of the deferred tax amounting to EUR 6,487, arising from the allocation to the land on which the Sogecable Group's headquarters stand of goodwill amounting to EUR 21,263 thousand in order to measure it at its fair value (see disposals column).

Transfers-

The transfer of the goodwill relating to Sogecable, S.A. arose from the change in the method used to consolidate this company, which in April 2006 ceased to be accounted for using the equity method and started to be fully consolidated.

Also, "*Other Companies*" included mainly the transfer of the goodwill relating to Dédalo Grupo Gráfico, S.L. as a result of the reclassification of the Dédalo Group's assets to "*Assets Classified as Held for Sale*".

(6) INTANGIBLE ASSETS

2007

The detail of the balance of "Intangible Assets" and of the changes therein in 2007 is as follows:

	Thousands of Euros							Balance at 31/12/07
	Balance at 31/12/06	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consol- idation	Additions	Disposals	Transfers	
Cost:								
Computer software	140,539	160	(323)	(86)	24,067	(3,973)	562	160,946
Prototypes	128,809	5,621	(2,287)	-	28,790	(19,768)	(1,864)	139,301
New subscribers - Installation and connection	146,783	-	-	-	43,035	(56,071)	-	133,747
Advances on copyrights	49,048	(34)	(86)	-	9,143	(3,716)	(717)	53,638
Audiovisual rights	400,617	-	-	39,542	18,993	(25,405)	(1,252)	432,495
Other intangible assets	49,843	911	(2,559)	32,669	8,738	(4,817)	1,842	86,627
Total cost	915,639	6,658	(5,255)	72,125	132,766	(113,750)	(1,429)	1,006,754
Accumulated amortisation:								
Computer software	(101,522)	(143)	209	137	(14,153)	3,843	(128)	(111,757)
Prototypes	(77,960)	(5,491)	3,605	-	(26,956)	17,260	535	(89,007)
Advances on copyrights	(30,408)	-	(73)	-	(4,607)	1,275	(128)	(33,941)
Audiovisual rights	(281,903)	-	-	-	(29,575)	23,051	-	(288,427)
Other intangible assets	(13,479)	(389)	272	(13,665)	(60,070)	61,121	(350)	(26,560)
Total accumulated amortisation	(505,272)	(6,023)	4,013	(13,528)	(135,361)	106,550	(71)	(549,692)
Impairment losses:								
Computer software	(94)	-	-	-	(20)	113	-	(1)
Prototypes	(31)	4	2	-	17	-	(2,472)	(2,480)
Advances on copyrights	(9,043)	-	(1)	-	(1,046)	555	(12)	(9,547)
Other intangible assets	(476)	-	-	-	-	-	(221)	(697)
Total impairment losses:	(9,644)	4	1	-	(1,049)	668	(2,705)	(12,725)
Intangible assets, net	400,723	639	(1,241)	58,597	(3,644)	(6,532)	(4,205)	444,337

Changes in scope of consolidation-

The changes in the scope of consolidation related to the companies detailed in Note 2-e, mainly Grupo Media Capital, SPGS, S.A., which contributed intangible assets amounting to EUR 58,553 thousand.

Additions-

The additions to "Computer Software" related mainly to the computer software acquired and/or developed by third parties for Group companies under the Group's IT Plan.

The additions to "Prototypes" related mainly to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L.

Also, the additions to "New Subscribers - Installation and Connection" related mainly to the costs incurred by the Sogecable Group in connection with the installation of equipment and the connection of new subscribers to digital satellite pay TV.

The additions to "Audiovisual Rights" related to the advances paid for the exploitation of future audiovisual rights and to the investments made by Sogecable, S.A., Sociedad General de Cine, S.A. and Sogepaq, S.A. in film productions and audiovisual rights for their distribution.

Disposals-

The disposals of "Prototypes" arose at Grupo Santillana de Ediciones, S.L. and related to the derecognition of fully amortised prototypes.

The disposals relating to "Audiovisual Rights" relate mainly to audiovisual rights whose exploitation period and term had expired and which had been fully amortised.

At 31 December 2007, the Prisa Group's fully amortised intangible assets in use amounted to EUR 195,404 thousand.

2006

The detail of "Intangible Assets" and of the changes therein in 2006 were as follows:

	Thousands of Euros							Balance at 31/12/06
	Balance at 31/12/05	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consolidation	Additions	Disposals	Transfers	
Cost:								
Computer software	60,660	(596)	(598)	67,779	18,636	(3,905)	(1,437)	140,539
Prototypes	143,848	(241)	(3,757)	-	29,045	(42,209)	2,123	128,809
New subscribers - Installation and connection	-	-	-	151,161	38,773	(43,151)	-	146,783
Advances on copyrights	17,598	10	(333)	-	9,806	(4,128)	26,095	49,048
Audiovisual rights	-	-	-	592,185	5,513	(197,081)	-	400,617
Other intangible assets	23,095	1,857	(817)	4,682	22,343	(1,066)	(251)	49,843
Total cost	245,201	1,030	(5,505)	815,807	124,116	(291,540)	26,530	915,639
Accumulated amortisation:								
Computer software	(40,837)	628	410	(52,437)	(14,241)	3,736	1,219	(101,522)
Prototypes	(94,999)	296	2,913	-	(24,963)	41,487	(2,694)	(77,960)
Advances on copyrights	(2,322)	-	66	-	(4,692)	2,253	(25,713)	(30,408)
Audiovisual rights	(132)	-	-	(434,132)	(38,435)	190,664	132	(281,903)
Other intangible assets	(7,491)	(1,799)	370	(3,392)	(1,944)	123	654	(13,479)
Total accumulated amortisation	(145,781)	(875)	3,759	(489,961)	(84,275)	238,263	(26,402)	(505,272)
Impairment losses:								
Computer software	-	-	-	-	(94)	-	-	(94)
Prototypes	(42)	-	-	-	-	11	-	(31)
Advances on copyrights	(7,662)	-	16	-	(2,157)	730	30	(9,043)
Other intangible assets	-	-	-	(476)	-	-	-	(476)
Total impairment losses	(7,704)	-	16	(476)	(2,251)	741	30	(9,644)
Intangible assets, net	91,716	155	(1,730)	325,370	37,590	(52,536)	158	400,723

Changes in the scope of consolidation-

The changes in the scope of consolidation related mainly to the change in the method used to consolidate Sogecable, S.A., in respect of *"Audiovisual Rights"*, *"New Subscribers - Installation and Connection"* and *"Computer Software"*, amounting to EUR 592,185 thousand, EUR 151,161 thousand and EUR 67,525 thousand, respectively.

Additions-

The additions to *"Computer Software"* related to the computer software acquired and/or developed by third parties for Group companies under the Group's IT Plan.

The additions to *"Prototypes"* related mainly to new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L.

The additions to *"New Subscribers - Installation and Connection"* related mainly to the costs incurred by the Sogecable Group in connection with the installation of equipment and the connection of new subscribers to digital satellite pay TV.

The additions to *"Other Intangible Assets"* include mainly the contract for the commercial operation of GLR Southern California LLC's radio business in Los Angeles and Southern California for EUR 19,320 thousand.

Disposals-

The disposals of *"Prototypes"* arose at Grupo Santillana de Ediciones, S.L. and related to the derecognition of fully amortised prototypes.

The disposals relating to *"Audiovisual Rights"* arose mainly at the Sogecable Group in respect of audiovisual rights whose exploitation period and term had expired and had been fully amortised at 31 December 2006.

At 31 December 2006, the Prisa Group's fully amortised intangible assets in use amounted to EUR 39,988 thousand.

(7) FINANCIAL ASSETS

2007

Non-current financial assets

The breakdown, by type of transaction, of the balance of *"Non-Current Financial Assets"* in the consolidated balance sheet at 31 December 2007 is as follows:

	Thousands of Euros					
	Balance at 31/12/06	Translation Adjustment	Changes in Scope of Consolidation	Additions/ Charge for the Year	Disposals/ Transfers	Balance at 31/12/07
Loans and receivables	43,752	(1,010)	7,181	57,389	(5,265)	102,047
Loans to associates	25,787	(524)	6,640	45,690	494	78,087
Long-term loans to third parties	8,766	-	541	12,049	516	21,872
Other non-current financial assets	10,473	(486)	-	2,905	(6,275)	6,617
Allowance	(1,274)	-	-	(3,255)	-	(4,529)
Held-to-maturity investments	4,365	9	16	1,074	(858)	4,606
Financial assets at fair value through profit or loss	3,412	-	-	3,350	(620)	6,142
Available-for-sale financial assets	35,308	(8)	(1,882)	12,123	(1,170)	44,371
Minority equity interests	42,291	(5)	(48)	6,287	(2,847)	45,678
Allowance	(6,983)	(3)	(1,834)	(3,028)	1,677	(10,171)
Other non-current financial assets	-	-	-	8,864	-	8,864
Total	86,837	(1,009)	5,315	73,936	(7,913)	157,166

Loans and receivables-

At 31 December 2007, "Loans to Associates" included mainly the EUR 60,090 thousand loan granted to Dédalo Grupo Gráfico, S.L.

"Long-Term Loans to Third Parties" includes mainly the account receivable of EUR 10,000 thousand arising from the sale of the regional press (see Note 2-e).

Held-to-maturity investments-

"Held-to-Maturity Investments" includes mainly the value of the guarantees and deposits given by the Group companies.

Financial assets at fair value through profit or loss-

"Financial Assets at Fair Value through Profit or Loss" includes the fair value of various interest rate and paper hedging instruments. The changes in the fair value of these financial instruments, which is provided periodically by the banks with which the hedges were arranged, are recognised as finance income or finance costs for the year as required by IAS 39, since, in view of their nature, under IAS 39 these instruments do not qualify for hedge accounting.

Available-for-sale financial assets-

The addition to "Other Non-Current Financial Assets" relates to the investment made by Grupo Media Capital, SPGS, S.A. in the fund created by the Portuguese Government to finance the film industry in Portugal.

2006

Non-current financial assets

The breakdown, by type of transaction, of the balance of "Non-Current Financial Assets" in the consolidated balance sheet at 31 December 2006 is as follows:

	Thousands of Euros						
	Balance at 31/12/05	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consolidation	Additions/ Charge for the Year	Disposals/ Transfers	Balance at 31/12/06
Loans and receivables	39,049	-	(1,325)	4,110	14,540	(12,622)	43,752
Loans to associates	13,019	-	(468)	4,038	10,719	(1,521)	25,787
Long-term loans to third parties	17,422	-	-	72	21	(8,749)	8,766
Other non-current financial assets	9,882	-	(857)	-	3,800	(2,352)	10,473
Allowance	(1,274)	-	-	-	-	-	(1,274)
Held-to-maturity investments	4,013	(12)	(31)	743	(857)	(1,205)	4,365
Financial assets at fair value through profit or loss	-	-	-	-	3,412	-	3,412
Available-for-sale financial assets	35,635	13	(23)	240	(1,417)	860	35,308
Minority equity interests	41,069	13	(34)	278	1,292	(327)	42,291
Allowance	(5,434)	-	11	(38)	(2,709)	1,187	(6,983)
Total	78,697	1	(1,379)	5,093	17,392	(12,967)	86,837

Loans and receivables-

At 31 December 2006, "Loans to Associates" included mainly 60% of the EUR 16,600 thousand loan granted to Dédalo Grupo Gráfico, S.L.

Financial assets at fair value through profit or loss

"Financial Assets at Fair Value through Profit or Loss" included the fair value of various interest rate and paper hedging instruments. The changes in the fair value of these financial instruments, which is provided periodically by the financial institutions with which the hedges were arranged, are recognised as finance income or cost for the year as required by IAS 39, since, in view of their nature, under IAS 39 these instruments do not qualify for hedge accounting.

Available-for-sale financial assets-

The balance of "Available-for-Sale Financial Assets" related mainly to the Group's 15.01% investment in Le Monde, S.A.

Cash and cash equivalents

At 31 December 2006, the balance of "Cash and Cash Equivalents" included EUR 450,000 thousand relating to the capital increase at Prisa at Vertix SGPS, S.A. in December 2006 to cater for the Prisa Group's expansion plan in Portugal and EUR 48,000 thousand relating to the capital increase at GLR Chile, Ltda. to cater for the Prisa Group's expansion plan for the radio business in Chile.

(8) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2007

The Group's most significant investments in associates at 31 December 2007 were as follows:

	Thousands of Euros					
	Balance at 31/12/06	Additions	Transfers	Share of Results/Impairment Losses	Disposals	Balance at 31/12/07
Investments accounted for using the equity method:						
Dédalo Grupo Gráfico, S.L. and subsidiaries	-	26,176	379	(26,555)	-	-
Iberbanda, S.A.	(8,723)	-	11,701	1,648	(4,626)	-
Grupo Media Capital, SPGS, S.A.	47,457	654	66	(488)	(47,689)	-
Sogetcable, S.A.	8,427	-	-	(5,558)	(831)	2,038
Other entities	8,354	826	2,938	2,784	(7,525)	7,377
Capital payments payable	-	(134)	-	-	-	(134)
Total	55,515	27,522	15,084	(28,169)	(60,671)	9,281
Goodwill of companies accounted for using the equity method:						
Grupo Media Capital, SPGS, S.A.	221,061	-	(221,061)	-	-	-
Dédalo Grupo Gráfico, S.L. and subsidiaries	-	-	3,685	(3,685)	-	-
Other	4,168	-	-	(201)	-	3,967
Total goodwill	225,229	-	(217,376)	(3,886)	-	3,967
Total investments accounted for using the equity method	280,744					13,248

Investments accounted for using the equity method-

The addition relating to Dédalo Grupo Gráfico, S.L. and subsidiaries is the result of the change in the method used to consolidate this company described in Note 14.

The disposal relating to Media Capital, SPGS, S.A. arose from the change in the method used to consolidate this Group as a result of the transactions discussed in Note 2-e.

Also, the disposal relating to "Other Companies" includes the disposal of EUR 6,011 thousand arising mainly from the sale of 31.89% of the shares of Novotécnica, S.A., a transaction linked to the sale of the investments in the regional press business (see Note 2-e).

The other disposals related mainly to dividends paid by the companies.

Consolidation goodwill arising on investments accounted for using the equity method-

The transfer of the goodwill relating to Grupo Media Capital, SPGS, S.A. arose from the change in the method used to consolidate this company, which in February 2007 ceased to be accounted for using the equity method and started to be fully consolidated.

Also, at 31 December 2007, the Group held ownership interests in companies accounted for using the equity method the negative net value of which is recognised under "Non-Current Liabilities – Long-Term Provisions" (see Note 11).

2006

The Group's most significant investments in associates at 31 December 2006 were as follows:

	Thousands of Euros				
	Balance at 31/12/05	Additions	Disposals	Share of Results/Impairment Losses	Balance at 31/12/06
Investments accounted for using the equity method:					
Antena 3 de Radio, S.A.	7,536	-	(7,536)	-	-
Iberbanda, S.A.	(21,720)	17,042	(1,946)	(2,099)	(8,723)
Grupo Media Capital, SPGS, S.A.	42,408	-	(33)	5,082	47,457
Sogecable, S.A.	74,249	15,865	(72,050)	(9,637)	8,427
Other companies	10,896	2,385	(6,103)	1,176	8,354
Capital payments payable	(113)	-	113	-	-
Total	113,256	35,292	(87,555)	(5,478)	55,515
Goodwill of companies accounted for using the equity method:					
Grupo Media Capital, SPGS, S.A.	219,702	1,359	-	-	221,061
Sogecable, S.A.	309,130	-	(309,130)	-	-
Other	2,754	1,967	(6)	(547)	4,168
Total goodwill	531,586	3,326	(309,136)	(547)	225,229
Total investments accounted for using the equity method	644,842				280,744

Investments accounted for using the equity method-

The changes in Iberbanda, S.A. arose mainly from the subscription by Promotora de Informaciones, S.A. to shares amounting to EUR 12,417 thousand in the capital increase carried out in July 2006. A portion of these shares were subscribed through cash contributions (EUR 2,712 thousand) and the remainder through the conversion of short-term loans (EUR 9,705 thousand), which were recognised as an addition to the investment. Also in July 2006, Iberbanda, S.A. carried out another capital increase which was fully subscribed by a telecommunications service operator which became the major shareholder. The ownership interest held by Promotora de Informaciones, S.A. in this company after these transactions was 21.69%.

The addition at Sogecable, S.A. arose from the inclusion of the companies that were accounted for using the equity method in the consolidated financial statements of Sogecable Group, particularly Canal + Investment, Inc. The disposal relating to Sogecable, S.A. arose from the change in the method used to consolidate this company in April 2006 and, therefore, the disposal amount was adjusted by the results from January to March.

The remaining additions related basically to acquisitions of shareholdings and the incorporation of companies by Promotora de Emisoras de Televisión, S.A., the holding company of the local television business.

The disposal from Antena 3 de Radio, S.A. arose from the change in the method used to consolidate this company, which began to be fully consolidated.

The other disposals related mainly to dividends paid by the companies.

Consolidation goodwill arising on investments accounted for using the equity method-

In 2006 the Group carried out and completed the process of allocating the goodwill corresponding to the ownership interest that it held in Media Capital, SGPS, S.A. The outcome of the analysis indicated that the amounts of acquired assets and assumed contingent assets and liabilities recognised in the financial statements adequately reflect the fair value of these items and, therefore, the initially recognised amounts were not changed.

Furthermore, the Group analysed the assets and liabilities not recognised in the financial statements for allocation purposes. Certain unrecognised assets, such as licenses, trademarks and customer bases, were identified. In most cases the related amounts were not material and/or the assets in question were not amortisable and were subject to annual impairment tests; accordingly, these assets continued to be recognised as goodwill. Lastly, the goodwill of Media Capital SGPS, S.A. was allocated by business sub-segment.

(9) EQUITY

a) Share capital

At 31 December 2007, the share capital of Promotora de Informaciones, S.A. amounted to EUR 22,036 thousand and was represented by 218,812,500 ordinary class A shares of EUR 0.1 par value each and by 1,543,000 redeemable class B shares of EUR 0.1 par value each. The share capital has been fully subscribed and paid in full.

On 16 April 2007, the capital increase at Promotora de Informaciones, S.A. decided upon by the shareholders at the Annual General Meeting held on 22 March 2006, was carried out through the issuance of 1,580,500 redeemable class B shares of EUR 0.10 par value each and a share premium of EUR 13.30 per share. The purpose of the capital increase was to cater for the share option plan targeted at executive directors and executives of the PRISA Group approved by the shareholders at the Annual General Meeting held on 15 April 2004. This capital increase (1,543,000 redeemable shares) was subscribed in part by a bank, disbursing EUR 20,677 thousand, of which EUR 155 thousand related to the par value of the shares and EUR 20,522 thousand to the share premium.

The redeemable shares issued carry the same rights as other ordinary shares, except as provided in Article 6 of the bylaws of Promotora de Informaciones, S.A. in relation to the redemption right. The aforementioned bank, which was the only subscriber, undertook not to exercise the voting rights conferred upon it by these shares.

At 31 December 2007, 323,000 share options had been exercised and, therefore, 1,220,000 redeemable shares remained available to serve as coverage. Accordingly, the related financial liability was recognised with a charge to "*Equity - Other Reserves*" in the balance sheet at 31 December 2007.

At 31 December 2007, the only shareholders of the Company with direct ownership interests of 10% or more in its share capital were Promotora de Publicaciones, S.L., with a holding of 44.224%, and Timón, S.A., with a holding of 18.350%.

b) Share premium

The Consolidated Spanish Companies Law expressly permits the use of the share premium account balance to increase capital with a charge to reserves and does not establish any specific restrictions as to its use.

In 2007 the share premium balance was increased by EUR 20,522 thousand as a result of the capital increase carried out to cater for the Promotora de Informaciones, S.A. share option plan with the issuance of 1,543,000 redeemable class B shares of EUR 0.1 par value each and a share premium of EUR 13.30 per share.

c) Reserves

Revaluation reserve 1983-

Pursuant to the legislation on the revaluation of property, plant and equipment and intangible assets published in 1983, the cost and accumulated depreciation and amortisation of these assets were increased by a net amount of EUR 3,289 thousand, and this amount is recognised under "Revaluation Reserve 1983". This reserve is unrestricted.

Revaluation reserve Royal Decree-Law 7/1996-

Under Royal Decree 2607/1996, of 20 December, approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, of 7 June, the surpluses arising from the revaluations must be charged to "Revaluation Reserve Royal Decree Law 7/1996". The balance of this account amounts to EUR 10,650 thousand and has been unrestricted since 1 January 2007, except for the portion not yet amortised (see Note 4).

Legal reserve-

Under the Consolidated 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.

Except as mentioned above, 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.

Reserve for treasury shares-

Under Article 79 of the Consolidated Spanish Companies Law, when a company acquires treasury shares, it must record on the liability side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares. This reserve must be maintained until the shares are sold or retired.

Bylaw-stipulated reserves-

Under Article 32 of the Parent's bylaws, at least 10% of the profit after tax must be transferred to a reserve each year until the balance of this reserve reaches at least 20% and does not exceed 50% of the paid-in share capital.

d) Reserves for first-time application of IFRSs

As a result of the first-time application of IFRSs to the Group's consolidated financial statements, certain assets and liabilities arose at 1 January 2004, the effect on equity of which is included in this account.

e) Prior years' accumulated profit

The breakdown, by company, of "Prior Years' Accumulated Profit" at 31 December 2007 and 2006 is as follows:

	Thousands of Euros	
	31/12/07	31/12/06
Press	50,564	98,728
País	40,537	93,525
Spanish press	12,107	7,751
International press	(2,080)	(2,548)
Radio	51,553	12,977
Radio in Spain	10,899	(3,618)
Radio abroad	40,654	16,595
Education	156,024	131,964
Audiovisual	(151,012)	(125,740)
Digital	(29,143)	(29,492)
Printing	-	(284)
Distribution	6,606	4,582
Media advertising sales	7,269	6,382
Other	221,996	125,795
Prisa	242,759	165,665
Other	(20,763)	(39,870)
Total reserves of fully consolidated companies	313,857	224,912
Press	3,665	3,599
Radio	(2,573)	(2,168)
Radio abroad	(2,573)	(2,168)
Audiovisual	(2,695)	(2,472)
Digital	(233)	(229)
Distribution	2,228	1,132
Printing	(8,686)	-
Other	(56,564)	(53,401)
Total reserves of companies accounted for using the equity method	(64,858)	(53,539)
Total prior years' accumulated profit	248,999	171,373

Following is a detail, by company, of the effect of the accounting revaluation made pursuant to Royal Decree Law 7/2006 on prior years' accumulated profit at 31 December 2007 and 2006:

	Thousands of Euros	
	31/12/07	31/12/06
Diario El País, S.L.	5,184	5,184
Sociedad Española de Radiodifusión, S.A.	2,533	2,533
Total	7,717	7,717

f) Total income and expense recognised in the year

The detail of the income and expense recognised in 2007 and 2006 is as follows:

	Thousands of Euros	
	31/12/07	31/12/06
NET INCOME RECOGNISED DIRECTLY IN EQUITY	(31,244)	(41,851)
In reserves	(16,310)	4,255
Arising from gains on treasury share transactions	-	3,777
Arising from the measurement of share option plans	1,023	1,023
Arising from redeemable shares	(16,555)	-
Arising from the effect of the tax reform on tax assets and liabilities recognised in prior years	-	(544)
Arising from other transactions	(778)	(1)
In prior years' accumulated profit	(9,962)	(36,964)
Arising from translation differences	(11,422)	(11,360)
Arising from asset revaluations	9,684	4,123
Arising from the effect of the tax reform on tax assets and liabilities recognised in prior years	-	(70,803)
Arising from redeemable shares	4,304	-
Arising from capital increases with share premium subscribed by other shareholders	-	42,449
Arising from other transactions	(12,528)	(1,373)
In exchange differences	(4,972)	(9,142)
Arising from translation differences	(4,972)	(9,142)
PROFIT FOR THE YEAR	191,973	228,909
TOTAL INCOME AND EXPENSE RECOGNISED IN THE YEAR	160,729	187,058

g) Treasury shares

The changes in "Treasury Shares" in 2007 and 2006 were as follows:

	Thousands of Euros			
	2007		2006	
	Number of Shares	Amount	Number of Shares	Amount
At beginning of year	10,940,625	38,881	10,940,625	32,766
Purchases	17,654	283	527,550	7,819
Sales	-	-	(508,712)	(1,641)
Deliveries	(17,654)	(63)	(18,838)	(63)
At end of year	10,940,625	39,101	10,940,625	38,881

At 31 December 2007, Promotora de Informaciones, S.A. held a total of 10,940,625 treasury shares, representing 4.96% of its share capital. The total cost of these shares was EUR 39,101 thousand, with a cost per share of EUR 3.57.

The Company plans to cover the exchangeable bond issue launched in 2003 (see Note 10) with all the treasury shares held by it.

Also, in the context of the above-mentioned issue, the Company held 53,231 shares on loan at 31 December 2007 and 6,042,400 shares at 31 December 2006 (see Note 10).

h) Exchange differences

Exchange losses amounted to EUR 3,475 thousand at 31 December 2007. The exchange losses that arose at the companies in the US were partially offset by the exchange gains that arose at the Grupo Santillana de Ediciones, S.A. companies located in Brazil.

(10) EXCHANGEABLE BONDS IN ISSUE

On 11 December 2003, Prisa Finance (Netherlands) B.V., a wholly-owned subsidiary of Prisa, resolved to launch an issue of bonds exchangeable for ordinary shares of Prisa. The nominal amount of this issue was EUR 162,300 thousand and the face value of each bond was EUR 10,000. Following the placement of this issue, the annual coupon was set at 1.75% of the bond principal and the exchange premium of each bond was set at 34% of the benchmark price per share established at EUR 11.0755. The maturity date of the bonds was established at five years from the issue date and they will be settled in 2009.

In the context of this issue, on 19 December 2003 Prisa entered into a deposit agreement with Prisa Finance (Netherlands) B.V., whereby Prisa guarantees bondholders that it will fulfil all its obligations.

Prisa plans, through its subsidiary, to cover the exchangeable bond issue with all the treasury shares held by it, which has been notified to the bondholders.

This issue meets the requirements established by IFRSs for recognition as "*Equity Instruments*". Therefore, the liability component of the net amount received since the issue date was separated from the equity component (EUR 9,541 thousand), which represents the fair value of the embedded option.

The amount reflected in the consolidated balance sheets at 31 December 2007 and 2006 represents the net present value of the future payments that will be generated, discounted at the discount rate used for non-convertible financial instruments with similar issue terms. The change in the balance during the year relates to the discounting effect.

Furthermore, Prisa made available to the lead managers of this transaction up to 9,846,562 treasury shares, in the form of a securities loan, in order to provide financing to the investors that required it. The loan earns five basis-point interest, payable monthly, calculated on the basis of the market value of the loaned shares. Also, Prisa is entitled to receive from the lead managers of the transaction the full amount of any dividend paid on the loaned shares during the term of the loan (*see Note 9-g*).

(11) LONG-TERM PROVISIONS

The detail of the changes in 2007 in "*Non-Current Liabilities - Long-Term Provisions*" is as follows:

	Thousands of Euros						Balance at 31/12/07
	Balance at 31/12/06	Translation Adjustment	Changes in the Scope of Consolidation	Charge for the Year	Amounts Used	Transfers	
For taxes	16,318	-	1,821	-	(1,154)	-	16,985
For third-party liability and other	34,588	(105)	6,992	3,618	(9,816)	15,084	50,361
Total	50,906	(105)	8,813	3,618	(10,970)	15,084	67,346

The "Provision for Taxes" relates to the estimated amount of tax debts arising from the tax audit carried out at various Group companies.

The "Provision for Third-Party Liability" relates to the estimated amount required to meet possible claims and litigation brought against Group companies.

The breakdown of the total additions to long-term provisions charged to the consolidated income statement for 2007 is as follows:

	Thousands of Euros
Termination benefits	1,378
Other staff costs	244
Income tax	70
Other taxes	50
Other	1,876
Total	3,618

The "Transfers" column includes the ownership interests in companies accounted for using the equity method the carrying amount of which was negative at 31 December 2007 (see Note 8). The detail, by company, is as follows:

	Thousands of Euros
Iberbanda, S.A.	11,701
Distrimedios, S.A.	796
Wsua Broadcasting Corporation	762
Green Emerald Business Inc.	402
Dédalo Grupo Gráfico, S.L. and subsidiaries	379
Other	1,044
Total	15,084

(12) OTHER NON-CURRENT LIABILITIES

Subordinated loan from the shareholders of Sogecable, S.A.

Under the agreements entered into by between Sogecable, S.A. and Telefónica in 2003, for the purpose of contributing to the financing of the integration process, Sogecable, S.A. offered its shareholders the possibility of participating in the grant of a subordinated loan of EUR 175,000 thousand to the company. This loan was fully subscribed on 19 August 2003, the main participant being Telefónica de Contenidos, S.A.U. which granted approximately EUR 172,493 thousand.

The subordinated nature of this loan relates mainly to the fact that any amount owed thereunder will be conditional upon the meeting of the payment obligations claimable at any time under the syndicated loan arranged by Sogecable, S.A. with a group of banks, as described in Note 13. The loan is subordinated until 31 December 2010. The subordinated loan matures at nine years and bears annual interest of 10.28%.

In addition to the fixed remuneration on the subordinated loan, when it was subscribed, Sogecable, S.A. delivered 1,260,043 warrants conferring the right to purchase shares of Sogecable, S.A. with no additional disbursement other than the payment of the loan. Each warrant grants the right to acquire one share of Sogecable, S.A. at a price of EUR 26 on maturity of the subordinated loan. At the exercise date of the warrants, Sogecable, S.A. may opt to deliver shares of the company at the established exercise price or to settle the difference between the market value of the shares and this exercise price. In any case, in May 2003 the Annual General Meeting authorised the Board of Directors, should the need arise, to carry out a capital increase to cover this issue.

In 2005, as part of the renegotiation of the syndicated bank loan carried out by Sogecable, S.A. with a group of banks, the Sogecable Group repaid the principal and all the accrued interest payable until that date to all the lenders that did not subordinate their loan to the new bank financing arrangement.

Since then, the Sogecable Group has paid the interest accrued to the shareholders that maintained their subordinated loans. Accordingly, in 2007 and 2006 interest amounting to approximately EUR 20,213 gross was paid in each of the two years. Therefore, the balance of "*Other Non-Current Liabilities*" in the accompanying consolidated balance sheets at 31 December 2007 and 2006, included the initial loan principal outstanding, amounting to approximately EUR 172,496 thousand, plus the accrued interest capitalised at 1 January 2005, relating to the shareholders that maintained their subordinated loans at the end of each year.

Additionally, "*Other Non-Current Liabilities*" in the accompanying consolidated balance sheets at 31 December 2007 and 2006 included the fair market value (approximately EUR 8,449 and EUR 8,946, respectively) of the warrants delivered as an increase in the remuneration of the subordinated loans. Any changes in the fair value of these warrants, determined by direct reference to price quotations, are recognised as finance costs or finance income for the year.

Since Sogecable, S.A. has the option, on maturity of the loan, to deliver Sogecable, S.A. shares at the established exercise price or to settle the difference between the market value of the shares and this exercise price, and since at the reporting date management of the Sogecable Group had not yet made a decision on the procedure to be followed, the Group decided to recognise these instruments as financial liabilities. Consequently, it is considered that the warrants issued by Sogecable, S.A. do not have a dilutive effect on the earnings per share, since they are not equity instruments.

Also, the Sogecable Group has arranged financial instruments to hedge the short-term price risk of the warrants and share options issued under the plans described in Note 16, whose settlement, based on the conditions agreed upon with the entities with which the instruments were arranged and the market value of these instruments at 31 December 2007 and 2006, gave rise to finance income of approximately EUR 2,414 and EUR 9,300 thousand, respectively.

(13) FINANCIAL LIABILITIES

Bank borrowings

The detail of the bank borrowings at 31 December 2007, of the credit limits and of the scheduled maturities is as follows:

	Thousands of Euros			
	Maturity	Limit	Drawn-down Amount Maturing at Short Term	Drawn-down Amount Maturing at Long Term
Syndicated loan and credit facility to Prisa	2008-2013	2,050,000	74,206	1,801,264
Syndicated loan and credit facility to Sogecable	2008-2011	1,200,000	193,777	611,331
Subordinated credit facility	2013	200,000	50,000	-
Loans	2008-2011	93,580	60,387	33,066
Credit facilities	2008-2009	365,654	145,126	101,096
Finance leases and other	2008-2012	20,903	12,550	11,615
Total		3,930,137	536,046	2,558,372

In accordance with IAS 39, bank borrowings are adjusted in the balance sheet by the loan origination and arrangement costs.

Of the total bank borrowings at 31 December 2007, 98.07% were denominated in euros and the remainder in foreign currencies.

The average interest rates on the Group's bank borrowings were 4.98% and 3.68% in 2007 and 2006, respectively.

Syndicated loan and credit facility to Prisa-

In June 2007 Prisa entered into a syndicated financing agreement with a group of 39 banks for a maximum amount of EUR 2,050,000 thousand, consisting of a long-term loan amounting to EUR 1,675,000 thousand and a credit facility of EUR 375,000 thousand drawable throughout the term of the loan. The financing was used to refinance a portion of the debt then held by Prisa and its subsidiaries, excluding Sogecable, S.A., and to finance the Prisa Group's operating needs.

This loan replaces the previous syndicated loan of EUR 1,600,000 thousand (arranged to finance the takeover bid for 20% of Sogecable, S.A. launched and completed in March 2006) and the bridge loan of EUR 450,000 thousand (arranged to finance the voluntary and mandatory takeover bids for shares of Grupo Media Capital, SPGS, S.A.).

Repayment of the loan commenced in 2007 with the payment of EUR 97,806 thousand and will end in June 2013. The repayment schedule is as follows:

Maturity	Thousands of Euros
2008	74,206
2009	132,617
2010	221,028
2011	329,439
2012	377,850
2013	442,054
	1,577,194

The interest rate applicable to the syndicated loan and credit facility is Euribor plus a spread, which was initially set at 0.925%. However, the agreement provides for the adjustment of the spread to between 1.20% and 0.35% based on the achievement of certain financial ratios. In conformity with the financing agreement, the Company has arranged interest rate hedges which establish interest rate caps. These hedges expire in September 2011.

Under the syndicated financing agreement the Prisa Group, excluding Sogecable, S.A., is required to meet certain obligations and commitments. As a result of the Parent's takeover bid for Sogecable, S.A., the Company is failing to meet certain of its obligations. In order to cover the possibility of the agent in the syndicated financing agreement, following the approval of a majority of the lenders forming part of the syndicate, notifying the Company that it must repay the syndicated financing early, the Company arranged a bridge credit facility (*see Note 26*), tranche B of which, if drawn down, would fully refinance the borrowings under the syndicated financing.

The syndicated financing agreement is jointly and severally guaranteed by the Prisa Group companies (excluding Sogecable, S.A.) which, in accordance with certain parameters established in the agreement, were considered to be significant subsidiaries at the reporting date, namely, Diario El País, S.L., Grupo Empresarial de Medios Impresos, S.L., Grupo Santillana de Ediciones, S.L., Sociedad de Servicios Radiofónicos Unión Radio, S.L. and Grupo Media Capital SPGS, S.A.

Subordinated credit facility

On 20 December 2007, the Company arranged a subordinated credit facility of EUR 200,000 thousand bearing interest at a market rate. This facility matures on 20 May 2013.

The "subordination" of this financing lies basically in the fact that the repayment of any amount owed thereunder will be conditional upon compliance with the payment obligations at any given time under the aforementioned syndicated loan granted to Prisa by a syndicate of banks. The related agreement states that the purpose of the facility is to finance such shares of Sogecable, S.A. as Prisa might acquire in the market.

At 31 December 2007 totalled EUR 50,000 thousand had been drawn down against this credit facility.

Syndicated loan and credit facility to Sogecable-

In 2005 the Sogecable Group renegotiated the terms and conditions of the financing arrangements then outstanding and in July 2005 entered into a new syndicated loan agreement, which replaces the prior agreement, for a total amount of EUR 1,200,000 thousand. This new agreement consists of a long-term loan of EUR 900,000 thousand and a short-term credit facility of EUR 300,000 thousand drawable throughout the term of the loan. The loan portion matures at six-and-a-half years and is repayable in ten consecutive half-yearly increasing instalments. Repayment commenced in 2007 with payments totalling EUR 90,000 thousand and will end in December 2011. The outstanding loan repayments mature as follows:

Maturity	Thousands of Euros
2008	180,000
2009	180,000
2010	225,000
2011	225,000
	810,000

The interest rate applicable to this syndicated loan and credit facility is Euribor plus a spread, which was initially set at 0.95%. However, the agreement provides for the adjustment of the spread to between 1.15% and 0.50% based on the achievement of certain financial ratios. In conformity with the financing agreement, the Group has arranged certain hedging instruments which establish interest rate caps.

This loan agreement stipulates that the Sogecable Group must comply with *certain general obligations*, including a limit on bank borrowings, other than that under the agreement, of EUR 100,000 thousand, and restrictions on the guarantees and financing that the Sogecable Group may provide to non-significant subsidiaries and to third parties, on changes to the control, structure and shareholdings of the Parent, on the sale or disposal by Sogecable, S.A. of shares or ownership interests in significant Group companies, on the distribution of dividends, except in certain cases, and on the sale or disposal of significant assets of these companies. The Group must also achieve certain financial ratios during the term of the loan. Sogecable Group management considers that all the obligations under this agreement have been met.

This agreement is jointly and severally guaranteed by the Sogecable Group companies which, in accordance with certain parameters established in the agreement, were considered to be significant subsidiaries at the reporting date, namely, CanalSatélite Digital, S.L., DTS Distribuidora de Televisión Digital, S.A., Sociedad General de Cine, S.A., Sogepaq, S.A. and Compañía Independiente de Televisión, S.L. Audiovisual Sport, S.L., despite being a significant company, is excluded from being a guarantor of the loan until compliance with certain terms and conditions established in the agreement oblige it to become party to it.

Under the agreement, pledges were arranged to secure the loan on all the equity interests owned by Sogecable, S.A. in the other significant companies and loan guarantors, on trademarks and other intangible and tangible assets and on present and future collection

rights, as provided for by the agreement. Additionally, the mortgage securing the loan taken out on the property owned by the Sogecable Group in Tres Cantos (Madrid), which houses the headquarters of Sogecable, S.A., was cancelled in 2006.

Credit facilities-

“*Credit Facilities*” includes the amounts drawn down against credit facilities used to finance the Prisa Group companies' operating needs. The total amount of bank borrowings maturing in 2008 includes the balances drawn down against certain credit facilities which, although they mature in more than one year, are extendable for one-year periods, as stipulated in the related agreements. Accordingly, these balances were classified under “*Current Liabilities - Bank Borrowings*” in the balance sheet. The interest rate applicable to most of these credit facilities is Euribor plus a market spread.

Financial hedges

At 31 December 2007, the Group arranged financial instruments, mainly to hedge the interest rate and foreign currency risks, with various banks which provide periodic estimates of the fair values of these instruments.

The changes in the value of these financial instruments are recognised as finance income or finance costs for the year as required by IFRSs, since in view of their nature they do not qualify for hedge accounting. “*Non-Current Financial Assets*” on the asset side and “*Bank Borrowings*” on the liability side of the accompanying consolidated balance sheet include the fair value of the various financial instruments at year-end.

The breakdown, by type of risk hedged and maturity, of the financial instruments at 31 December 2007 is as follows:

	Notional Amount	Unit of Hedge	(EUR '000) Fair Value	Maturity
Interest rate risk- Prisa	741,000	Thousands of euros	6,266	2008-2011
Interest rate risk- Sogecable	575,000	Thousands of euros	(44)	2008
Foreign currency risk	234,535	Thousands of USD	2,219	2008
Paper price risk	18,000	Tonnes	(124)	2008

In 2007 the Group recognised a net loss of EUR 34 thousand relating to changes in the value of these instruments.

Interest rate hedges-

The Group is exposed to fluctuations in interest rate curves as all its bank borrowings are at floating interest rates. Accordingly, the Group has taken out Euribor interest rate hedges for the syndicated loans and credit facilities described above in order to ensure that a maximum rate is not exceeded.

The Group has analysed the sensitivity of the financial instruments to changes of more/less 50 basis points in the applicable interest rates, which would give rise to increases in the fair value of scanty material amounts, since the financial instruments used by the Group establish interest rate caps, to decreases in the fair value totalling approximately EUR 11 million.

Foreign currency hedges-

The Group occasionally uses currency derivatives to hedge its foreign currency risk arising from foreign currency transactions and cash flows. The hedging instruments used are forward foreign currency option contracts and exchange rate hedges denominated in the currencies of the main foreign providers and markets in which the Group operates (mainly US dollars).

The Prisa Group's foreign currency risk is mainly associated with the following operations:

- Foreign currency debt to suppliers and providers assumed by Group companies in the course of their business activities.
- Profit or loss from activities carried on in non-euro area countries, which is tied to fluctuations in the respective currencies.
- Financial investments for the acquisition of holdings in foreign companies.

The Group has analysed the sensitivity of the financial instruments to exchange rates. The analyses indicate that changes of +0.05% and -0.05% in the US dollar/euro exchange rate would give rise to fair value that increase and decrease by approximately EUR 2.5 million.

(14) ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

At the end of 2006 Prisa initiated a process to sell the printing business carried on by the investees of Dédalo Grupo Gráfico, S.L. In 2007 the various contacts with the groups interested in acquiring the ownership interest in the printing business did not materialise and, therefore, the Group decided to implement a plan to restructure this business the effect of which is recognised in the consolidated financial statements for 2007. The objective of this restructuring plan is to improve productivity and the competitiveness of this business.

In 2007 the Parent, in accordance with International Financial Reporting Standards, ceased to classify the assets and liabilities of Dédalo Grupo Gráfico, S.L. as held for sale since one year had elapsed since the aforementioned classification without the sale having been formalised and, in the current circumstances of the business, the sale thereof will not be possible until the restructuring plan embarked upon has been completed. Consequently, in 2007 the Group began to account for the investees of Dédalo Grupo Gráfico, S.L. using the equity method (*see Note 2-e*). Had the aforementioned ownership interest not been classified as held for sale and had it been accounted for using the equity method, the effect on the consolidated income statement for 2006 would have been to increase profit from operations by EUR 9,149 thousand

and to reduce the financial loss by EUR 2,650 thousand, respectively, which would be offset by a decrease of EUR 8,496 thousand in the result of companies accounted for using the equity method and a decrease of EUR 3,303 thousand in the income tax expense.

In 2007 the Parent's directors resolved to initiate a process to sell three buildings owned by the Group. For these purposes, Prisa contracted the services of an outside adviser with the aim of managing the sale process, which was initially scheduled for completion before June 2008. At 31 December 2007, the carrying amount of these assets was classified under "Assets Classified as Held for Sale" (see Note 4). The fair value of these assets is between EUR 325 million and EUR 400 million.

(15) OPERATING INCOME

The breakdown of the income from the Group's main business lines is as follows:

	Thousands of Euros	
	31/12/07	31/12/06
Revenue from subscribers	1,136,322	795,595
Advertising sales and sponsorship	1,122,268	765,202
Sales of books, rights and training	536,468	465,047
Newspaper and magazine sales	210,519	200,824
Sales of add-ons and collections	88,089	99,782
Printing services	506	53,755
Sale of audiovisual rights and programmes	313,712	219,342
Intermediation services	29,607	22,565
Broadcasting services	34,830	23,336
Other services	147,189	82,298
Revenue	3,619,510	2,727,752
Income from fixed assets	22,380	27,794
Other income	54,138	56,212
Other income	76,518	84,006
Total operating income	3,696,028	2,811,758

(16) OPERATING EXPENSES

Staff costs

The detail of "Staff Costs" is as follows:

	Thousands of Euros	
	31/12/07	31/12/06
Wages and salaries	493,690	408,104
Employee benefit costs	98,091	82,331
Termination benefits	10,762	8,835
Share-based payment costs	1,023	1,023
Other employee benefit expenses	20,309	16,858
Total	623,875	517,151

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

	31/12/07	31/12/06
Executives	604	454
Middle management	7,314	6,141
Other employees	5,514	5,412
Total	13,432	12,007

At 31 December 2007, the breakdown of the workforce, by gender, was as follows:

	Women	Men
Executives	145	459
Middle management	3,203	4,111
Other employees	2,412	3,102
Total	5,760	7,672

Share-based payment

Share option plan of Promotora de Informaciones, S.A.-

On 15 April 2004, the shareholders at the Annual General Meeting approved the basic terms of the share option plan for the acquisition of Prisa shares, the aim of which is to facilitate the ownership of equity interests in Prisa by the Company's executives, by executives of its corporate group and by particularly significant professionals related to the Group who perform activities for the Group companies on an ongoing basis; the shareholders also authorised the Board of Directors to develop and implement this plan.

The total number of options would enable a maximum of 1% of the share capital of Prisa to be acquired (2,188,125 shares). Each option carries the right to acquire one share of the Company. This system is applied in various tranches, pursuant to the general criteria approved by the Board of Directors. The options and rights under this plan are non-transferable.

On 15 July 2004, the Board of Directors approved a Remuneration Plan consisting of the delivery of options on Company shares in accordance with the authorisation granted by the shareholders at the Annual General Meeting on 15 April 2004.

Options were delivered free of charge and the exercise price is EUR 13.40 per share (which is the simple arithmetic mean of the closing price of the Company's shares on the continuous market during the 90 trading days prior to the Annual General Meeting on 15 April 2004).

The capital increase decided upon by the shareholders at the Annual General Meeting held on 22 March 2006 to cater for the aforementioned share option plan was carried out on 16 April 2007 described above (see Note 9-a).

The option exercise period ran from 31 July 2007 to 31 January 2008.

The options outstanding and not exercised at 31 December 2007 amounted to 1,168,000 (2006: 1,543,000) and affect 199 beneficiaries (2006: 266).

Share option plan of Sogecable, S.A.-

At the Annual General Meetings of Sogecable, S.A. on 16 May 2000 and 13 May 2003, the shareholders resolved to establish share option plans for the Sogecable Group's executive directors and executives, exercisable annually between 2003 and 2008.

The shareholders at the Annual General Meetings of Sogecable, S.A. authorised the company's Board of Directors to carry out, where appropriate, the related capital increases, with the disapplication of pre-emption rights, to cover these option plans. In this connection, at the Annual General Meeting on 27 April 2005, the shareholders resolved to increase capital through the issuance of 1,570,594 redeemable shares of EUR 2 par value each and a share premium of EUR 0.50 per share, with the total disapplication of pre-emption rights, since these shares are intended to cover the share option plans approved in the past. The capital increase required to cover these option plans was also approved at the aforementioned Annual General Meeting and was carried out in 2006 through the issuance of redeemable shares

In 2007 and 2006 the related share option plans exercised by the Sogecable Group's executive directors and executives expired, there being a total of 104 and 108 beneficiaries, respectively. The options exercised in 2007, 2006 and 2005 were covered by redeemable share issue plans. In 2007, when the related plan expired, 102,000 share options had not been exercised.

At 31 December 2007 and 2006, there were approved plans outstanding for a total of 469,004 and 855,504 shares, respectively, maturing in 2008, in the first case, and in 2007 and 2008 in the second. Pursuant to IFRS 2, at 31 December 2007 and 2006, the Sogecable Group recognised a liability for the maximum cost at those dates of implementing the approved plans outstanding. This cost is periodically revised on the basis of the share price, and any changes in value are recognised in the consolidated income statement for the year in conformity with IFRS 2. The total effect of the change in value on the consolidated income statements for 2007 and 2006 was an expense of EUR 394 thousand and income of EUR 8,905 thousand, respectively.

The detail of the approved option plans outstanding at 31 December 2007 and of the related maturities is as follows:

Year Granted	Maturity	Number of Share Options
2005	2008	469,004

Fees paid to auditors

The fees for financial audit services provided to the various companies composing the Prisa Group and Subsidiaries by the principal auditor and by other entities related to the auditor during 2007 amounted to EUR 1,784 thousand (2006: EUR 1,660 thousand). Also, the fees charged by other auditors participating in the audit of the various Group companies totalled EUR 342 thousand (2006: EUR 337 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor amounted to EUR 922 thousand in 2007 (2006: EUR 401 thousand), while the fees paid in this connection to other auditors participating in the audit of the various Group companies amounted to EUR 464 thousand (2006: EUR 63 thousand).

(17) FINANCIAL LOSS

The breakdown of the balance of "Financial Loss" in the consolidated income statements is as follows:

	Thousands of Euros	
	31/12/07	31/12/06
Income from current financial assets	1,008	827
Income from equity investments	645	304
Other finance income	14,122	14,025
Finance income	15,775	15,156
Interest on debt	(171,968)	(97,374)
Adjustments for inflation	(3,371)	(1,763)
Other finance costs	(37,597)	(24,040)
Finance costs	(212,936)	(123,177)
Exchange gains	12,454	10,988
Exchange losses	(10,522)	(9,034)
Exchange differences (net)	1,932	1,954
Changes in value of financial instruments	(34)	(4,728)
Financial loss	(195,263)	(110,795)

(18) BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment reporting is structured on a primary basis by business segment and on a secondary basis by geographical segment.

Primary segments - Business segments

The business lines described below were established on the basis of the Prisa Group's organisational structure at 2007 year-end, taking into account, on the one hand, the nature of the goods and services offered and, on the other, the customer segments at which they are targeted.

Segment information about these businesses for 2007 and 2006 is presented below:

	PRESS		RADIO		EDUCATION		AUDIOVISUAL		OTHER		PRISA GROUP	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Operating income	572,277	564,938	422,755	375,805	560,000	488,810	2,105,599	1,272,350	35,397	109,855	3,696,028	2,811,758
- External sales	409,609	414,870	401,610	352,004	551,322	483,908	2,091,319	1,254,173	240,168	306,803	3,696,028	2,811,758
- Inter-segment sales	162,668	150,068	21,145	23,801	6,678	4,902	14,280	18,177	(204,771)	(196,948)	0	0
Operating expenses	(450,769)	(436,947)	(320,969)	(295,185)	(484,944)	(428,668)	(1,887,147)	(1,269,644)	(32,268)	(95,368)	(3,176,097)	(2,525,810)
Cost of material used	(169,823)	(164,859)	(2,425)	(17,355)	(161,400)	(134,731)	(1,042,989)	(742,232)	(3,933)	(24,744)	(1,380,506)	(1,083,911)
- Staff costs	(112,485)	(109,185)	(111,551)	(102,420)	(131,176)	(119,545)	(212,227)	(114,178)	(56,436)	(71,827)	(623,875)	(517,151)
- Depreciation and amortization charge	(14,215)	(14,449)	(11,117)	(10,177)	(33,944)	(32,414)	(165,625)	(148,890)	(6,537)	(13,804)	(231,438)	(219,734)
- Outside services	(153,234)	(146,094)	(193,026)	(162,895)	(146,829)	(124,852)	(451,719)	(260,011)	34,191	16,369	(910,617)	(677,393)
- Change in operating allowances	(1,008)	(1,841)	(2,473)	(2,225)	(9,866)	(14,226)	(13,068)	(4,214)	(141)	(377)	(26,538)	(22,883)
- Other expenses	(4)	(611)	(379)	(113)	(1,727)	(2,902)	(1,519)	(116)	588	(995)	(3,041)	(4,738)
Profit from operations	121,508	127,991	101,786	80,620	75,056	60,142	218,452	2,709	3,129	14,487	519,931	285,948
Finance income	1,882	1,272	1,548	1,129	2,312	1,274	4,162	10,584	11,489	4,866	21,393	19,125
Finance costs	(1,051)	(165)	(7,819)	(3,897)	(8,441)	(7,267)	(96,325)	(64,378)	(104,952)	(56,167)	(218,588)	(151,874)
Exchange differences (incl)	(175)	(160)	523	(867)	(33)	600	4,070	2,151	(2,453)	176	1,932	1,954
Financial profit/(loss)	656	1,001	(5,748)	(3,635)	(6,162)	(5,393)	(88,093)	(51,643)	(95,916)	(51,125)	(195,263)	(110,795)
Result of companies accounted for using the equity method	406	48	136	(326)	0	0	(5,827)	(1,118)	(26,771)	(4,029)	(32,056)	(6,025)
Loss from other investments	(2,929)	(28)	(88)	(104)	0	0	0	0	(95)	(2,577)	(3,612)	(2,709)
Profit/(Loss) before tax from continuing operations	119,641	129,012	96,086	76,555	68,894	54,749	124,532	(50,052)	(120,153)	(43,845)	289,000	166,419
Income tax	33,377	43,493	16,923	108	20,675	17,305	33,410	(14,859)	(78,066)	(110,404)	26,919	(64,357)
Profit/(Loss) from continuing operations	85,664	85,519	79,163	76,447	48,219	37,444	91,122	(35,193)	(42,087)	66,559	262,081	230,776
Loss after tax from discontinued operations	0	(99)	0	0	0	0	0	0	0	(350)	0	(449)
Consolidated profit/(loss) for the year	85,664	85,420	79,163	76,447	48,219	37,444	91,122	(35,193)	(42,087)	66,209	262,081	230,327
Minority interests	2,778	2,532	3,844	2,478	183	(86)	37,312	(23,142)	25,991	19,636	70,108	1,418
Profit/(Loss) attributable to the Parent	82,886	82,888	75,319	73,969	48,036	37,530	53,810	(12,051)	(68,078)	46,573	191,973	228,909
BALANCE SHEET												
Assets												
- Non-current	331,596	270,305	557,127	552,625	498,150	425,873	2,885,905	2,444,127	2,253,582	2,325,104	6,526,360	6,018,034
- Current	134,043	115,740	336,181	293,973	189,949	181,479	1,926,780	1,828,985	2,245,102	1,781,781	4,832,055	4,167,958
- Assets classified as held for sale	197,553	154,565	220,752	292,652	308,201	244,394	959,125	615,142	(64,213)	449,352	1,621,418	1,756,105
	0	0	194	0	0	0	0	0	72,693	93,971	72,887	93,971
Equity and liabilities												
- Equity	331,596	270,305	557,127	552,625	498,150	425,873	2,885,905	2,444,127	2,253,582	2,325,104	6,526,360	6,018,034
- Non-current	140,621	122,780	230,699	206,821	225,695	209,694	416,371	221,887	320,161	396,052	1,353,547	1,157,234
- Current	3,057	4,305	43,118	55,792	31,579	35,515	1,120,879	1,188,296	1,926,209	1,512,785	3,124,842	2,796,693
- Liabilities associated with assets classified as held for sale	187,918	143,220	263,310	290,012	240,876	180,664	1,348,655	1,033,944	7,212	349,102	2,047,971	1,996,942
	0	0	0	0	0	0	0	0	0	67,165	0	67,165

In relation to the audiovisual segment, the breakdown, by business line, of the main items under "Profit from Operations" is as follows:

	Thousands of Euros					
	2007			2006		
	Pay Television	Free-to-Air Television	Other	Pay Televisión	Free-to-Air Televisión	Other
Revenue	1,507,681	470,609	88,879	1,063,679	185,261	14,196
Other income	14,350	3,515	20,565	3,486	2,468	3,260
TOTAL OPERATING INCOME	1,522,031	474,124	109,444	1,067,165	187,729	17,456
Cost of materials used	(837,004)	(249,311)	43,326	(588,421)	(164,763)	10,952
Staff costs	(105,147)	(63,850)	(43,230)	(73,457)	(34,758)	(5,963)
Other operating expenses	(403,891)	(136,124)	(91,915)	(309,106)	(84,181)	(19,944)
TOTAL OPERATING EXPENSES	(1,346,042)	(449,285)	(91,819)	(970,984)	(283,702)	(14,955)
PROFIT FROM OPERATIONS	175,989	24,839	17,625	96,181	(95,973)	2,501

At 31 December 2007 and 2006, the non-current assets directly associated with the free-to-air television business and the current assets and liabilities directly attributable to this business line were as follows:

	2007	2006
Non-current assets	170,549	43,266
Current assets	410,924	137,459
Current liabilities	(302,840)	(186,621)

The other assets and liabilities are either allocable to the pay TV and audiovisual production businesses or are deemed to be shared by the various business lines of the audiovisual segment.

Secondary segments - Geographical segments

The Group's activities are located in Europe and America. The activity in Europe is carried on mainly in Spain, although the Group has expanded in Portugal since 2005. The activities in America are located mainly in Mexico, Colombia and Brazil.

The breakdown of certain of the Group's consolidated balances based on the geographical location of the companies that gave rise to them is as follows:

	Thousands of Euros					
	Europe		America		Total	
	2007	2006	2007	2006	2007	2006
Revenue	3,146,257	2,408,453	473,253	319,299	3,619,510	2,727,752
Other income	68,142	75,412	8,376	8,594	76,518	84,006
Profit before minority interests and tax	234,446	129,596	54,554	36,823	289,000	166,419
Total assets	6,050,410	5,600,402	475,950	417,632	6,526,360	6,018,034

(19) TAX MATTERS

As indicated under “*Accounting Policies*”, Promotora de Informaciones, S.A. files consolidated income tax returns in Spain, in accordance with the Spanish Corporation Tax Law, and is the Parent of consolidated tax group 2/91, which includes all its subsidiaries (see *Appendix 1*) that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated profits of corporate groups.

Sogecable, S.A. has its own consolidated tax group in Spain, identified with number 61/96, which also comprises the subsidiaries that meet the statutory requirements for application of the consolidated tax regime.

Also, Antena 3 de Radio, S.A. was, until 2006, the Parent of consolidated tax group number 3/95. However, in 2006 Promotora de Informaciones, S.A., acquired an indirect ownership interest in its share capital exceeding 75% and, therefore, effective 1 January 2007, both this company and its subsidiaries that meet the requirements in this connection, became part, as subsidiaries, of consolidated tax group 2/91.

Lanza, S.A. de C.V. (Mexico) files consolidated tax returns in Mexico together with its Mexican subsidiaries.

GLR Services, Inc. also files consolidated tax returns in the United States together with its subsidiaries that meet the requirements for application of this special consolidated tax regime.

The other subsidiaries file individual tax returns in accordance with the tax legislation prevailing in each country.

In 2007 and prior years, certain Group companies performed or participated in corporate restructuring transactions under the special tax neutrality regime regulated in Chapter VIII of Title VII of the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of 5 March. The disclosures required by this legislation are included in the notes to the financial statements of the related Group companies for the year in which these transactions were carried out.

In 2004, 2005 and 2006 several Group companies took the tax credit for reinvestment of extraordinary income amounting to EUR 24,324 thousand, EUR 1,100 thousand and EUR 8,275 thousand, respectively. The disclosures required by current legislation are included in the notes to the financial statements of the corresponding companies.

Also, in prior years, several tax group companies availed themselves of tax credits for the reinvestment of extraordinary income under Article 21 of repealed Corporation Tax Law 43/1995. The disclosures required by this Law were included in the notes to the financial statements of the corresponding companies.

a) **Reconciliation of the accounting profit to the taxable profit**

The following table shows a reconciliation of the result of applying the current standard tax rate in Spain to consolidated net accounting profit, calculated under International Financial Reporting Standards, to the consolidated Group's income tax expense for 2007 and 2006, calculated at the tax rate in force in Spain in 2007 (which was reduced to 32.5%), in order to provide a uniform comparison:

	31/12/07	31/12/06
CONSOLIDATED NET PROFIT UNDER IFRSs	289,000	166,419
Tax charge at 32.5%	93,925	54,086
Consolidation adjustments	8,489	(1,635)
IFRS adjustments	(80)	(1,762)
Permanent differences (1)	2,469	(31,733)
Tax loss carryforwards	(23,446)	(864)
Tax credits and tax relief (2)	(12,756)	(85,668)
Effect of applying different tax rates (3)	(1,340)	(6,258)
INCOME TAX FOR 2007	67,261	(73,834)
ADJUSTMENT OF PRIOR YEARS' TAX (4)	(44,128)	11,656
FOREIGN TAX EXPENSE (5)	2,588	2,207
EMPLOYEE PROFIT SHARING (6)	1,198	1,926
TOTAL INCOME TAX	26,919	(58,045)
DEFERRED TAX	(7,147)	(82,058)
CURRENT TAX	34,066	24,013

- (1) The permanent differences are mainly due to: (i) certain non-deductible costs and provisions; (ii) the exemption of foreign-source dividends; and (iii) foreign tax expenses arising from withholdings at source.
- (2) In calculating their respective income tax expense or income, the Spanish Prisa Group companies availed themselves of the tax benefits provided for in Articles 33, 37, 38, 40 and 43 of the Consolidated Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March, which amounted to EUR 1,440 thousand. Additionally, the Group availed itself of the tax benefit provided for in Article 94 of Law 20/91 for investments in the Canary Islands amounting to EUR 9 thousand.

Also, the consolidated Group companies took a domestic dividend double taxation tax credit of EUR 826 thousand for dividends not eliminated on consolidation, and an international double taxation tax credit of EUR 1,543 thousand.

The Prisa Group entered into a cooperation agreement with EXPOAGUA Zaragoza 2008, S.A., which is the company responsible for organising the Expo Zaragoza 2008. In this connection, in 2007 the Prisa Group incurred advertising and publicity costs to which the tax credit provided for in Article 27 of Law 49/2002, of 23 December, on the Tax Regime for Not-for-Profit Entities and Tax Incentives for Patronage is applicable and, accordingly, took a EUR 4,210 thousand tax credit.

Similarly, the consolidated Group companies availed themselves of the tax credit provided for in Article 20 of Law 49/2002, of 23 December, on the Tax Regime of Not-for-Profit-Entities and Tax Incentives for Patronage , amounting to EUR 1,193 thousand.

In 2007 the Group availed itself of the tax credit for the reinvestment of extraordinary income provided for in Article 42 of the Spanish Corporation Tax Law, and applied the reinvestment tax credit to income amounting to EUR 24,388 thousand, having fulfilled, by 31 December 2007, the obligation to reinvest the sale price in the acquisition of financial assets, in the terms established by this Law. The tax credit reported in this connection totalled EUR 3,536 thousand.

- (3) Relating to the effect of taxation of profits from American and European subsidiaries at different rates. Also, for the purposes of making the information for 2007 and 2006 comparable, the impact arising from the change in the Spanish tax rate is included in this line item.
- (4) Including (i) the impact on the income statement of the adjustment included in the 2006 income tax return with respect to the income tax expense recognised at 2006 year-end; and (ii) the derecognition, in accordance with the principle of prudence, of certain tax assets.
- (5) This relates to the expense for taxes paid abroad and arose from withholdings at source from the income from exports of services provided by the Group's Spanish companies abroad, and from dividends received from its foreign subsidiaries and other companies abroad.
- (6) This is an additional component of the income tax expense, principally in countries such as Mexico and Venezuela.

b) Deferred tax assets and liabilities

The following table shows the origin and amount of the deferred tax assets and liabilities recognised in 2007 and 2006 (in thousands of euros):

DEFERRED TAX ASSETS ARISING FROM:		
	31/12/07	31/12/06
Non-deductible provisions	10,286	4,709
Non-capitalisable assets	9,753	17,759
Adjustment of accounts receivable	431	1,034
Tax loss carryforwards	1,061,918	1,104,222
Unused tax credits recognised	271,946	222,718
Other	10,641	8,639
Total	1,364,975	1,359,081

DEFERRED TAX LIABILITIES ARISING FROM:		
	31/12/07	31/12/06
Investment valuation provisions and amortisation of goodwill	96,713	97,491
Deferral for reinvestment of extraordinary income	6,674	6,808
Accelerated depreciation and amortisation	762	731
Lease payments payable	2,322	2,381
Adjustment of accounts payable	49	1,934
Exchange differences	168	235
Hedges of financial instruments	3,025	1,195
Other	3,218	5,429
Total	112,931	116,204

Following the approval of Law 35/2006, of 28 November, on personal income tax and partially amending the Spanish Corporation Tax, Non-Resident Income Tax and Wealth Tax Laws, the applicable income tax have been gradually reduced and, consequently, the tax assets and liabilities in the consolidated balance sheet at 31 December 2007 are recognised at their estimated recoverable amount.

The assets and liabilities that arose and were recognised in 2007 were charged or credited directly to the income statement.

There are no significant temporary differences arising from investments in subsidiaries, branches, associates or joint ventures that generate deferred tax liabilities.

There are no significant amounts arising from temporary differences associated with retained earnings of subsidiaries in jurisdictions where different tax rates are applied and, therefore, no deferred tax liabilities were recognised in this connection.

Deferred tax assets include most notably tax loss carryforwards and unused investment tax credits arising mainly at the Prisa and Sogecable consolidated tax groups. These deferred tax assets were recognised in accordance with the criteria set forth in "Accounting Policies".

Following is a detail, in thousands of euros, of the prior years' tax losses of Spanish companies available for offset against future profits, showing the year in which the tax losses were incurred and the last years for offset:

Year Incurred	Last Year for Offset	Amount	Recognised	Not Recognised
1992	2007	349	-	349
1993	2008	102	-	102
1994	2009	223	-	223
1995	2010	607	-	607
1996	2011	797	629	168
1997	2012	78,071	77,941	130
1998	2013	297,696	256,229	41,467
1999	2014	455,424	381,124	74,300
2000	2015	579,080	516,668	62,412
2001	2016	483,884	427,745	56,139
2002	2017	649,219	565,788	84,520
2003	2018	973,947	883,263	91,284
2004	2019	266,615	205,504	63,123
2005	2020	75,209	67,207	8,002
2006	2021	140,260	139,019	1,241
2007	2022	3,455	2,886	569
Total		4,008,639	3,524,003	484,636

The tax losses arose at companies in the Prisa consolidated tax group, and were incurred before such companies were included in the Group (EUR 32,191 thousand), at companies in the Sogecable consolidated tax group (EUR 3,940,579 thousand) and at other companies that do not file consolidated tax returns but are included in the consolidated reporting Group (EUR 35,868 thousand). Of the total tax losses, EUR 3,524,003 thousand were recognised on the asset side of the balance sheet at year-end. Deferred tax assets were not recognised for the remaining tax losses since the Company's directors considered that their future recovery was not sufficiently certain at year-end.

The Sogecable Group recognised tax loss carryforwards in respect of losses incurred in launching the satellite pay TV business. The most significant losses in this respect were those recognised by DTS Distribuidora de Televisión Digital, S.A. prior to its inclusion in the Sogecable Group. The Group also recognised tax loss carryforwards in respect of losses incurred in the integration of DTS Distribuidora de Televisión Digital, S.A. and in the launch of the "Cuatro" free-to-air TV channel. The recovery thereof is reasonably assured on the basis of the recent performance of the pay and free-to-air TV businesses and the forecasts contained in the Sogecable Group's business plan.

In this respect, Group management has a long-term business plan, which it has kept updated and in which, among other things, matters relating to the Group's future strategy, studies by independent third parties, experiences of other operators similar to the Group in neighbouring countries, and the proven experience in recent years of the Sogecable Group in the pay and free-to-air TV market in Spain were taken into account.

The assumptions used in this business plan, which were conservative, relate to matters such as the penetration of pay TV in Spain, the Sogecable Group's share of this penetration, the trend in the number of subscribers and in the prices of the services offered by the Group and the general trend in costs, in particular programming costs within the current technological and right exploitation framework in which the Sogecable Group operates. In this respect, the projection for the long-term penetration of pay TV in Spain, as far ahead as 2015, is several points below the current penetration rates in neighbouring countries. Also, these rates are

generally lower than those projected by independent third-party consultants. Consequently, the estimated annual increases at short and medium term in the net subscriber figures are lower than the annual increases achieved in recent years by certain other European operators. Also, following the launch at the end of 2005 of "Cuatro", the national free-to-air TV channel, the Group included this new business activity in its medium- and long-term business plan. To this end, it considered the current situation of the free-to-air advertising and TV market in Spain and estimated increasing, albeit conservative, market shares for the Group. This business plan also includes sensitivity studies of the most significant assumptions in order to situate them in pessimistic scenarios.

The main conclusion of the aforementioned business plan is that, despite the fact that the Group incurred significant losses in 2003 and 2004, mainly as a result of the restructuring process linked to the integration of DTS, Distribuidora de Televisión Digital, S.A. into the Group, and in 2006, due mainly to the launch of "Cuatro", it will foreseeably report rising earnings figures at medium term which, together with its legal restructuring, will enable the tax assets recognised by the Sogecable Group to be recovered.

The breakdown, by country, of the tax loss carryforwards of the Group's foreign companies is as follows (in thousands of euros):

	BOLIVIA	PORTUGAL	USA	CHILE	BRAZIL	ARGENTINA	COLOMBIA	MEXICO	TOTAL
1.992			648						648
1.993			1,062						1,062
1.994			1,985						1,985
1.995			272						272
1.996			168						168
1.997			1,653						1,653
1.998			1,665					311	1,976
1.999			3,114					188	3,302
2.000			3,394						3,394
2.001			2,581			1,028		358	3,967
2.002		5,100	1,638			917		271	7,925
2.003	1,310	4,473	2,522		4,222	253		35	12,815
2.004	388	3,195	2,865	6,757	667	14	542	29	14,456
2.005	650	4,878	3,056	2,365					10,950
2.006		5,900	6,616	2,307		1,017		534	16,375
2.007		600	4,020					174	4,794
TOTAL	2,348	24,146	37,259	11,429	4,889	3,229	542	1,901	85,742
Recognised		772		11,429	4,889	1,164			18,254
Not recognised	2,348	23,374	37,259			2,065	542	1,901	67,488
Carryforward period	unlimited	6 years	20 years	Unlimited	Unlimited	5 years	8 years	10 years	

Of the total, EUR 18,254 thousand had been recognised in assets in the accompanying balance sheet at 31 December 2007. Deferred tax assets were not recognised for the remaining tax losses since the directors considered that their future recovery was not sufficiently certain at year-end.

Certain investment tax credits which arose at companies in the Spanish consolidated tax group before they joined the Group were not recognised for accounting purposes. The directors consider that the related amounts will be used before the deadline established by the tax authorities expires. The breakdown is as follows (in thousands of euros):

Year Earned	Amount	Last Year for Use
1999	249	2009
2000	271	2010
2001	712	2011
2002	557	2012

c) Years open for review by the tax authorities

The years open for review by the tax authorities for the main taxes vary from one consolidated company to another, although they are generally the last four years, with the exceptions discussed below.

The tax authorities audited the years open for review of certain tax and reporting group companies, as a result of which various tax assessments were issued for personal income tax withholdings and prepayments, VAT, the single tax on revaluations and income tax, the detail, by company and year, being as follows:

Company	Years
Parent- Promotora de Informaciones, S.A.	1992 to 1996
Subsidiaries- Diario El País, S.L.	1992 to 1996
Sociedad Española de Radiodifusión, S.A.	1993 to 1996
Radio Club Canarias, S.A.	1993 to 1996
Radio España de Barcelona, S.A.	1993 to 1996
Ediciones Bidasoa, S.A.	1994 to 1996
Estructura Grupo de Estudios Económicos, S.A.	1995 and 1996
Sociedad de Servicios Radiofónicos Unión Radio, S.L.	1995 to 1997
Diario As, S.L.	1996 to 1998
Grupo Santillana de Ediciones, S.L.	1991 to 1992
Ítaca, S.L.	1986, 1989 to 1992
Canal de Editoriales, S.A.	1988 to 1992

Since the Group does not concur with the criteria applied by the tax authorities, it has filed appeals at the appropriate instances against virtually all the tax assessments issued. No decisions have yet been rendered in connection with these appeals, except those relating to personal income tax withholdings and prepayments, which were partially upheld in 2007, and those corresponding to the enforcement proceedings in connection with consolidated income tax for 1992 and 1994 which were upheld in full, with the concomitant rendering of the penalties imposed as void. However, the Group has recorded a provision of EUR 16,985 thousand (*see Note 11*) to cover, *inter alia*, any payments that it might have to make in this connection in the future. Guarantees have been provided for the total amount of the assessments, the execution of which was therefore stayed.

The Antena 3 de Radio, S.A. consolidated tax group was audited by the tax authorities in 2005. The tax authorities reviewed the following years and taxes: 2000, 2001 and 2002 for income tax, and January 2001 to December 2002 for VAT, personal income tax withholdings and prepayments (employees and professionals) and tax on income from movable capital. As a result of the tax audit, an assessment amounting to EUR 3,499 thousand were issued in

respect of the consolidated income tax, which was signed on a contested basis. The appropriate pleas were filed against these assessments and a decision upholding the final tax assessments was rendered. The related claim (on which a decision had not yet been handed down at the date of preparation of the financial statements) was filed at the Madrid Regional Economic-Administrative Tribunal against the decision, the execution of which was stayed in return for the provision of a guarantee. An appeal was also filed against the penalty arising from the assessments issued in respect of income tax and no decision has yet been handed down by the Tribunal.

In 2006 the tax authorities completed their audit of the Prisa tax group for consolidated income tax for 1999, 2000, 2001 and 2002 and for VAT, personal income tax withholdings and prepayments (employees and professionals), tax on property income, tax on income from movable capital and non-resident income tax for the following companies and years:

Company	Years
Parent- Promotora de Informaciones, S.A.	June 2000 to May 2004
Subsidiaries- Diario El País, S.L. Sociedad Española de Radiodifusión, S.A. Gerencia de Medios, S.A. Ítaca, S.L. Mateu Cromo Artes Gráficas, S.A. Promotora de Emisoras de Televisión, S.A. Grupo Empresarial de Medios Impresos, S.L. Grupo Santillana de Ediciones, S.L. Santillana Educación, S.L. Santillana Ediciones Generales, S.L.	June 2000 to May 2004 June 2000 to May 2004 January 2001 to December 2003 January 2001 to December 2002 January 2001 to December 2002 January 2001 to December 2003 January 2001 to December 2003 January 2001 to December 2003 January 2001 to December 2003 January 2001 to December 2003

The decisions handed down on the appeals filed against the decisions upholding the final tax assessments issued for income tax (which partially upheld the pleas) confirmed settlements amounting to EUR 35,032 thousand (deficiency plus late-payment interest). Appeals have been filed at the Central Economic-Administrative Tribunal against these decisions. Payment of this amount was stayed and the related guarantee was provided. At the date of preparation of these financial statements, the Group had been notified of the decision relating to 1999 and 2000, which partially upheld the Company's stance and rendered void the assessments corresponding to those years. However, appeals will be filed against these decisions at the appropriate instances. In view of the varying interpretations that can be made of tax legislation, the outcome of present or future tax reviews might give rise to tax liabilities which cannot be objectively quantified at the present time. The directors consider that the tax criteria applied by the companies were appropriate and that there are sufficient grounds for defence so as to expect a favourable decision in connection with the proceedings in progress in relation to the tax audits. Accordingly, the directors do not expect any material liabilities to arise for the Group as a result of the current or of possible future tax audits that might have an effect on the consolidated financial statements.

The other taxes audited did not give rise to any assessment or the amount of the assessment was not material and has been paid or appealed against.

(20) DISTRIBUTION OF PROFIT

The distribution of the net profit for 2007 proposed by the Board of Directors of Promotora de Informaciones, S.A. is as follows (in thousands of euros):

	Amount
Distributable profit-	
Profit for the year	110,281
Distribution-	
Dividends (EUR 0.184 per share)	38,542
Directors' remuneration	1,386
To bylaw-stipulated reserve	77
To legal reserve	31
To voluntary reserves	Remainder

The dividend per share, disregarding the treasury shares of Promotora de Informaciones, S.A. but including the shares delivered on loan (*see Note 10*), will be EUR 0.184 per share. No interim dividend out of 2007 profit was approved.

(21) EARNINGS PER SHARE

Earnings per share were calculated as follows:

	31/12/07	31/12/06
Net profit for the year (thousands of euros)	191,973	228,909
Weighted average number of shares outstanding (thousands of shares)	207,872	207,872
Basic earnings per share (euros)	0.92	1.10

Earnings per share are calculated by dividing the net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares.

The Group has not performed any transaction that would cause diluted earnings per share to differ from basic earnings per share.

(22) EVENTS AFTER THE BALANCE SHEET DATE

On 14 January 2008, the CNMV announced that it had admitted for consideration the takeover bid launched by Promotora de Informaciones, S.A. for shares of Sogecable, S.A. (*see Note 26*).

In the period from 31 December 2007 to 31 January 2008, the date on which the Prisa share option plan expired, no additional options were exercised by the beneficiaries.

(23) RELATED PARTY TRANSACTIONS

The transactions with associates and related companies in 2007 and 2006 were as follows:

	Thousands of Euros	
	31/12/07	31/12/06
Income		
Sales of merchandise	362,157	134,937
Services rendered and other	4,142	18,223
Finance income	1,901	569
Total	368,200	153,729
Expenses		
Purchases of merchandise	80,659	34,125
Services received and other	10,502	10,971
Finance costs	-	3
Total	91,161	45,099

	Thousands of Euros	
	31/12/07	31/12/06
Accounts receivable		
Trade receivables	23,683	20,824
Long-term receivables	5,499	5,962
Long-term loans	71,553	9,786
Short-term loans	16,500	4,680
Total	117,235	41,252
Accounts payable		
Trade payables	14,112	9,047
Borrowings	2	50
Capital payments payable	134	-
Total	14,248	9,097

Remuneration of senior executives-

Senior executives are considered to be those persons who are members of the Business Committee and the Management Committee who are not executive directors, in addition to the Internal Audit Manager of Promotora de Informaciones, S.A. Specifically, the senior executives are as follows: Ignacio Santillana del Barrio, Augusto Delkader Teig, Jaime de Polanco Soutullo, Miguel Satrústegui Gil-Delgado, José Carlos Herreros Díaz-Berrio, José Luis Sáinz Díaz, Pedro García Guillén, Matilde Casado Moreno, Jesús Ceberio Galardi, Manuel Mirat Santiago, Miguel Ángel Cayuela Sebastián and Virginia Fernández Iribarnegaray. Their total remuneration amounted to EUR 6,525 thousand in 2007.

250,000 options were granted to the senior executives, as discussed in Note 16 to these consolidated financial statements, under the share option plan of Promotora de Informaciones, S.A.

(24) REMUNERATION AND OTHER BENEFITS OF DIRECTORS

In 2007 and 2006 the consolidated companies paid the following amounts in respect of remuneration earned by Prisa's Board members:

	Thousands of Euros	
	31/12/07	31/12/06
Wages and salaries	7,118	5,434
Directors' fees	1,715	1,322
Attendance fees	1,445	1,230
Total	10,278	7,986

No credits, advances or loans have been granted to the members of the Board of Directors, and there are no pension obligations to them.

As indicated in Note 16 to these consolidated financial statements, the Board members were granted 185,000 options under the share option plan of Promotora de Informaciones, S.A. and 70,000 options under the share option plan of Sogecable, S.A.

Pursuant to Article 127 ter.4 of the Spanish Companies Law, introduced by Law 26/2003, of 17 July, which amends Securities Market Law 24/1988, of 28 July, and the Consolidated Spanish Companies Law, in order to reinforce the transparency of listed corporations, following is a detail of the companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of Promotora de Informaciones, S.A. in which the members of the Board of Directors own equity interests, and of the functions, if any, that they discharge thereat:

Owner	Investee	Percentage of Ownership (%)	Functions
Ignacio Polanco Moreno	Sogecable, S.A.	0.014	Director
Juan Luis Cebrián Echarri	Sogecable, S.A.	0.002	Deputy Chairman
	Le Monde, S.A.	-	Director
Francisco Javier Díez de Polanco	Canal Club de Distribución de Ocio y Cultura, S.A.	-	Director
	Compañía Independiente de Televisión, S.L.	-	Chairman and CEO
	Canal Satélite Digital, S.L.	-	"
	DTS Distribuidora de Televisión Digital, S.A.	-	"
	Sociedad General de Cine, S.A.	-	"
	Sogepaq, S.A.	-	"
	Sogecable, S.A.	0.043	CEO
	Audiovisual Sport, S.L.	-	Chairman (in representation of Sogecable, S.A.)
	Cinemanía, S.L.	-	"
	Compañía Independiente de Noticias de Televisión, S.L.	-	Chairman (in representation of Sogecable, S.A.)
	Sogecable Editorial, S.L.	-	Chairman and CEO (in representation of Sogecable, S.A.)
Sogecable Media, S.L.	-	"	
Diego Hidalgo Schnur	Sogecable, S.A.	0.000	Director
Gregorio Marañón y Bertrán de Lis	Sogecable, S.A.	-	Director
	Universal Music Spain, S.L.	-	Chairman
Emiliano Martínez Rodríguez	Sogecable, S.A.	0.011	-
Agnès Noguera Borel	Sogecable, S.A.	0.000	Director
Borja Jesús Pérez Arauna	Sogecable, S.A.	0.008	-
Francisco Pérez González	Sogecable, S.A.	-	Director
Isabel Polanco Moreno	Sogecable, S.A.	0.001	-
Manuel Polanco Moreno	Sogecable, S.A.	-	Director
Juan Salvat Dalmau	Sogecable, S.A.	0.012	-
Jesús de la Serna y Gutiérrez- Répide	Sogecable, S.A.	0.000	-
Adolfo Valero Cascante	Sogecable, S.A.	0.015	-
Manuel Varela Uña	Sogecable, S.A.	0.008	-

This list does not include Prisa Group companies. However, it is hereby stated that the following directors of Promotora de Informaciones, S.A. are part of the managing body of certain Prisa Group companies, as disclosed in the Company's Annual Corporate Governance Report: Ignacio Polanco Moreno, Juan Luis Cebrián Echarri, Francisco Javier Díez de Polanco, Emiliano Martínez Rodríguez, Isabel Polanco Moreno, Manuel Polanco Moreno, Juan Salvat Dalmau, Gregorio Marañón y Bertrán de Lis, Diego Hidalgo Schnur, Ramón Mendoza Solano, Agnès Noguera Borel, Borja Pérez Arauna, Francisco Pérez González, Adolfo Valero Cascante and Manuel Varela Uña.

Also, in accordance with the above-mentioned Law, it is hereby stated that there is no record that any of the Board members have performed in 2007, or are currently performing, as independent professionals or as employees, any activities that are identical, similar or complementary to the activity that constitutes the company object of Promotora de Informaciones, S.A.

(25) GUARANTEE COMMITMENTS TO THIRD PARTIES

Within the scope of the takeover bid for the Sogecable, S.A., in December 2007 Prisa arranged a bank guarantee of EUR 2,035,023 thousand to secure compliance with the payment obligations to the shareholders of Sogecable, S.A. that accept the offer (*see Note 26*)

Also, the Company acts as guarantor for bank loans and credit facilities granted to Promotora de Emisoras de Televisión, S.A. and Iberbanda, S.A. for a maximum amount of EUR 22,500 thousand and EUR 32,297 thousand, respectively, and to WSUA Broadcasting Corp. for USD 6,800 thousand.

In order for the LMDS license to be awarded to the investee Iberbanda, S.A., Prisa provided a guarantee for the amount of the investment commitment assumed by this company, in proportion to its percentage of ownership and based on the terms and conditions in the tender specifications. At 31 December 2007, the guarantees provided in this connection totalled EUR 1,222 thousand.

At 31 December 2007, Prisa had provided bank guarantees amounting to EUR 91,218 thousand mainly in relation to the tax assessments issued by the tax authorities that were signed on a contested basis (*see Note 19*).

Lastly, on 23 December 2003, Dédalo Grupo Gráfico, S.L. and a group of banks entered into a syndicated loan and credit agreement for a maximum amount of EUR 125,000 thousand tied to Euribor, whose partial objective was to refinance the debts of the investees. The agreement was novated on 10 May 2006. The outstanding balance was EUR 84,868 thousand at 31 December 2007. The aforementioned syndicated loan and credit agreement was also subscribed by the subsidiaries of Dédalo Grupo Gráfico, S.L. which acted as guarantors. The pledge on the collection rights arising from the material contracts of these companies and the mortgage on certain assets were also provided as guarantees. Prisa provided a maximum EUR 15,000 thousand guarantee to the banks to secure compliance with the payment obligations assumed by Dédalo Grupo Gráfico, S.L. under the agreement in force at 31 December 2007. Also, in 2007 Dédalo Grupo Gráfico, S.L. initiated a process to restructure the aforementioned financial debt whereby it will obtain financing amounting to EUR 130,000 thousand in the form of a new syndicated loan which will make it possible to repay the existing loan. The new syndicated financing will be finalised in February 2008. Prisa will be the guarantor for EUR 70,000 thousand of this new financing.

The Company's directors consider that the possible effect of the guarantees provided on the accompanying consolidated income statements would in no case be material.

(26) OTHER SIGNIFICANT MATTERS

Takeover bid for all the shares of Sogecable, S.A.-

On 20 December 2007, Prisa notified the Spanish National Securities Market Commission (CNMV) of an irrevocable agreement entered into with Eventos, S.A., the owner of a 2.94% holding in Sogecable, S.A., whereby the latter undertook to sell and transfer to Prisa its ownership interest in Sogecable, S.A., in the framework of a takeover bid, which guarantees that Eventos, S.A. will sell its shares at the price offered (EUR 28 per share, payable in full in cash) This agreement guarantees that the Company will own more than 50% of the share capital of Sogecable, S.A.

On that same day, the Group's Board of Directors resolved to launch a takeover bid for all the share capital of Sogecable, S.A. This bid took the form of a purchase and sale transaction, with Prisa offering a cash amount of EUR 28 per share. The application for authorisation of the takeover bid was submitted to the CNMV on 28 December 2007 (*see Note 22*).

The bid will be mandatory pursuant to Royal Decree 1066/2007, since Prisa acquired shares of Sogecable, S.A. giving it more than 50% of the voting rights and economic rights of over 5% in a 12-month period.

Bridge loan-

In December 2007 Prisa entered into a six-month financing agreement with a bank for a maximum amount of EUR 4,230,000 thousand and bearing interest at market rate.

The agreement states that the purpose of this financing is to cover the financial obligations arising from the takeover bid for all the share capital of Sogecable, S.A. submitted to the CNMV on 28 December 2007.

This agreement consists of a first tranche (tranche A) of EUR 2,036,000 thousand, which includes the amount of the guarantee submitted to the CNMV amounting to EUR 2,035,023 thousand, and two credit facilities, the first for EUR 2,052,000 thousand (tranche B) the purpose of which is to cover, if necessary, the refinancing of the current syndicated loan, and the other (tranche C) for EUR 142,000 thousand to finance operations. Also, the agreement states that the Prisa Group, except for Sogecable, S.A., must comply basically with the *general obligations* established for the current syndicated loan and credit facility agreement.

If necessary, once the period for acceptance of the takeover bid has elapsed and the outcome and, therefore, the financial indebtedness that Prisa will have to bear are known, the Group's financial structure will be refinanced and tailored to the specific circumstances prevailing in the market.

(27) FUTURE COMMITMENTS

On 19 December 2007, the Prisa Group announced that it, together with Godó de Comunicación, S.A. and its investee Sociedad de Servicios Radiofónicos Unión Radio, S.L., had entered into a memorandum of understanding with 3i Europe plc, a fund manager forming part of the European private equity firm 3i Group plc, whereby the latter will acquire an ownership interest of approximately 16.2% in Sociedad de Servicios Radiofónicos Unión Radio, S.L. for a total investment of EUR 225 million.

The Sogecable Group has entered into certain purchase and sale agreements with various suppliers and consumers for future programme broadcasting rights and for the exploitation of rights of publicity and sports rights. These commitments partially cover the Sogecable Group companies' programming needs.

At 31 December 2007, the Sogecable Group had euro and foreign currency payment obligations and collection rights for a net amount payable of approximately EUR 1,630,065 thousand. The net amounts payable in relation to these obligations fall due as follows:

Year	Thousands of Euros
2008	786,779
2009	458,934
2010	161,974
2011	89,694
2012	84,391
2013	29,993
2014	18,300
	1,630,065

The obligation to pay the amounts agreed upon in the purchase agreements arises only if the suppliers fulfil all the contractually established terms and conditions.

These future payment obligations were estimated taking into account the agreements in force at the present date. As a result of the renegotiation of certain agreements, these obligations might differ from those initially estimated.

(28) LEGAL MATTERS

In the enforcement of the Supreme Court judgment of 9 June 2000 in connection with the first economic concentration plan of Unión Radio, in view of the new concentration transaction authorised in January 2006 and that already completed, an application was submitted to have the case dismissed since there was no longer any case to answer, which was granted by the Supreme Court in an Order dated 20 February 2007 definitively dismissing the proceedings.

As a result of a statement of claim filed in 2004 by a local radio operator at an Argentine court against the Argentine state, the sale of the shares of Radio Continental, S.A. has not yet been approved by the Argentine government. The claimant also applied for injunctive relief whereby the grant of the approval in question should be stayed during the principal

proceedings. In December 2004 the court granted the injunctive relief applied for and processing of the approval was stayed.

The decision was appealed against by the Argentine government and by the buying and selling parties, and in April 2007 the Argentine Federal Judicial Review Chamber upheld the decision to grant injunctive relief. An extraordinary appeal was filed at the Supreme Court, on which no decision has yet been handed down. The principal proceeding which should resolve the merits of the case is still in progress, although the operations of the radio stations involved have thus far not been affected.

The Company has an ownership interest through Promotora de Emisoras de Televisión, S.A. in the share capital of various local television operators. Law 62/2003, of 30 December, on Tax, Administrative, Labour and Social Security Measures introduced further amendments to the television legal system in order to permit the simultaneous holding of material ownership interests (of more than 5%) in national, regional (autonomous community) and local television license-holder companies. However, the Law also establishes certain restrictions regarding population coverage. Within this framework, Promotora de Emisoras de Televisión, S.A. is implementing its plan to establish a presence in the local and regional television industry by submitting bids in tenders called for the award of licences. In 2005, 2006 and 2007 Promotora de Emisoras de Televisión, S.A., through its various subsidiaries, submitted bids in tenders called in all the autonomous communities, except for Castilla y León, where the related tender has not yet been called.

During the licence award process, Promotora de Emisoras de Televisión, S.A., through its various subsidiaries, was awarded regional licences in Navarra, Extremadura and Andalucía and local licences in Aragón, Cataluña, Galicia, the Basque Country and the Canary Islands, with sufficient territorial coverage to provide the television service to most of the population of the respective autonomous communities.

The Cantabria and Castilla La Mancha tenders and a regional license in Madrid have not yet been awarded. Promotora de Emisoras de Televisión, S.A. has submitted bids in this connection through its various subsidiaries.

To date, as regards the population covered by the licenses under which digital broadcasting has commenced, the incompatibilities established in Article 19 of Private Television Law 10/1988 have not arisen.

(29) LITIGATION AND CLAIMS IN PROGRESS

In 2003 and 2004 the cable operators Auna, Telecable, Tenaria, Euskaltel, R Telecomunicaciones de Galicia and R Telecomunicaciones de Coruña filed requests for arbitration with the CMT, requesting the right to receive an offer to market several channels provided by Sogecable to its subscribers. The CMT announced its decisions in connection with each case - the proceeding brought by Auna in 2004 and the proceedings brought by the other operators in 2005 - partially upholding the requests for arbitration and ordering Sogecable to submit an offer for the Gran Vía and Canal + Deportes channels. Sogecable filed an appeal at the Madrid Provincial Appellate Court to have these awards set aside and during 2006 the Provincial Appellate Court handed down decisions confirming the awards made by the CMT. Subsequent to the offer submitted by Sogecable, S.A., in January 2008 the Madrid Court of First Instance no. 43 closed the proceeding brought by Auna with respect to the enforcement

of the award handed down by the CMT. The proceedings initiated at the behest of the other operators are still in progress at the respective Courts of First Instance.

The collection societies AIE and AISGE filed a complaint against Sogecable, S.A. seeking compensation in connection with intellectual property rights. In 2002 a decision was handed down partially upholding the complaint of these societies. The company filed an appeal which was dismissed by the Madrid Provincial Appellate Court in 2003. Sogecable filed a cassation appeal against the provincial appellate court's judgment in the related appeal, which was granted leave to proceed by the Supreme Court in 2007. AISGE requested the provisional enforcement of the judgment, since the court had issued a writ providing therefor. AIE and AISGE also filed a similar complaint against CanalSatélite Digital, S.L. This claim was upheld and in 2004 CanalSatélite Digital S.L. filed an appeal at the Provincial Appellate Court. In 2006 the Court dismissed the appeal and CanalSatélite Digital S.L. filed a cassation appeal, which has not yet been granted leave to proceed by the Supreme Court. AIE and AISGE also filed a complaint in this same connection against DTS, Distribuidora de Televisión Digital, S.A. The complaint was upheld and DTS filed an appeal at the Provincial Appellate Court, which dismissed the appeal. The Company filed an appeal at the Supreme Court in 2005, which is currently awaiting admission for consideration.

Also, Sogecable, S.A., CanalSatélite Digital, S.L. and DTS, Distribuidora de Televisión Digital, S.A. filed a complaint against A.I.S.G.E. and A.I.E. at the Spanish Competition Authority (currently Spanish Competition Commission) for abuse of dominant position. This proceeding is at the preliminary investigation stage and a decision has not yet been handed down.

In 2005 the collection society SGAE filed a complaint at the Commercial Court against CanalSatélite Digital, S.L. and DTS, Distribuidora de Televisión Digital, S.A. seeking compensation in connection with certain intellectual property rights during a period not covered by an agreement with this society. The two companies filed appeals against the decision of the Court of First Instance upholding the claim of SGAE, which were dismissed. In October 2007 the two companies filed a cassation appeal at the Supreme Court.

The Court of First Instance has simultaneously been hearing a claim filed by CanalSatélite Digital, S.L. and DTS against SGAE, requesting the Court to order the aforementioned society to negotiate, under transparent and fair terms and conditions, a new agreement for the period of time since the previous agreement expired. In 2006 the Commercial Court partially upheld SGAE's claim against CanalSatélite Digital, S.L. and DTS while the Court of First Instance partially dismissed the claim filed by CanalSatélite Digital S.L. and DTS. CanalSatélite Digital, S.L. and DTS have appealed against both decisions and the Madrid Provincial Appellate Court has yet to hand down a judgement.

In addition, in December 2006 SGAE filed a new complaint against Sogecable seeking compensation in connection with intellectual property rights used by Sogecable in its free-to-air television channel. Sogecable, S.A. filed a counterclaim against this proceeding because it considers that the payment for the rights should be reduced by 50%. The date of the hearing has not yet been set.

In 2006 the collection societies AGEDI and AIE filed a complaint against CanalSatélite Digital, S.L., DTS Distribuidora de Televisión Digital, S.A. and Sogecable, S.A. seeking compensation in connection with intellectual property rights during a period not covered by an agreement

with the society. The trial was held in 2007 and the court proposed that the parties apply to the European Court of Justice for a possible preliminary ruling on whether the rights claimed by AGEDI-AIE were compatible with European Community Law. Also, in 2005 DTS, Distribuidora de Televisión Digital, S.A. was ordered to pay AGEDI's tariffs for the use of the phonograms in Vía Digital. The appeal filed by the Company was dismissed and Sogecable, S.A. objected to AGEDI's request for the enforcement of the decision, adducing the related experts' report.

Also, Sogecable, S.A., CanalSatélite Digital, S.L. and DTS, Distribuidora de Televisión Digital, S.A. filed a complaint against AGEDI-AIE at the Spanish Competition Authority (currently Spanish Competition Commission) for abuse of dominant position. In the statement of accusations the Investigation Unit of the Spanish Competition Commission considered AGEDI and AIE guilty of abusing their dominant position for applying different conditions for the same services, since they demand substantially higher amounts from the Group companies than the amounts claimed from other operators. In the light of these facts, in December 2007 the Board of the Spanish Competition Commission gave leave for disciplinary proceedings against AGEDI and AIE to proceed and be examined.

AOC filed an appeal for judicial review against the Council of Ministers Resolution dated 29 July 2005 modifying Sogecable, S.A.'s concession charter and authorising it to broadcast free-to-air 24 hours a day. In 2006 Sogecable, S.A. filed a defence and counterclaim against this complaint but a decision has not yet been handed down.

In 2006 Warner Sogefilms, AIE, an economic interest grouping owned on an equal-footing basis by Sogecable and Warner Bros. Entertainment España, S.L. (this AIE ceased to exist on 30 November 2006), filed an appeal for judicial review against the penalty imposed by the Spanish Antitrust Agency for the AIE's purported unfair trade practices.

In December 2004, Centro de Asistencia Telefónica, S.A. filed a labour dispute complaint at the Labour Chamber of the National Appellate Court, requesting that the aforementioned company, despite being integrated commercially in the Sogecable Group, be adjudged an independent company in labour-law terms and as such, not constituting a business unit of the Sogecable Group. In May 2005 the National Appellate Court upheld the complaint and currently a decision on the appeal filed by the workers' representatives at the Labour Chamber of the Supreme Court has not yet been handed down.

On 24 July 2006 Audiovisual Sport, S.L., (AVS), Sogecable, S.A., TVC Multimedia, S.L. and Mediaproducción, S.L. (Mediapro) entered into an agreement to exploit the rights of the Spanish Football League for the 2006/07 and subsequent seasons. The main purpose of the agreement was to maintain the model of exploiting televised football that has prevailed in Spain since 1997. After repeated breaches by Mediapro of the various obligations under the agreement, AVS filed a complaint against Mediapro on 3 July 2007 and lodged a supplementary pleading on 31 July 2007.

After the suspension in August 2007 of the delivery of the audiovisual signal by AVS to Mediapro, the latter continued to commit new and serious breaches of the agreement, which led to two further submissions of pleadings supplementing the original complaint, filed on 27 August and on 12 September 2007, the latter accompanied by an application for injunctive relief which was fully upheld by the Madrid Court of First Instance no. 36. In compliance

with the order made by the Court, Audiovisual Sport, S.L. deposited a guarantee of EUR 50,000 thousand, secured by Sogecable, S.A., to guarantee the performance of the contractual obligations.

In the aforementioned proceedings, Mediapro filed a counterclaim against the other parties to the agreement. Sogecable, S.A. filed its defence with respect to Mediapro's counterclaim. Both AVS and Sogecable, S.A. have filed claims for liability against Mediapro and the third parties cooperating with the latter.

In July 2007, Sogecable, S.A. filed a claim against F.C. Barcelona, demanding performance of the agreement executed in 1999 by the Club and Telefónica Media, S.L. (currently Telefónica de Contenidos, S.A.U.), which was subrogated to Sogecable, S.A. in 2003. Under this agreement the Club assigned, *inter alia*, the amounts received from the participation of its teams in international competitions to Sogecable, S.A. In this proceeding the Club has filed a counterclaim against Sogecable, S.A. and Telefónica de Contenidos, S.A.U.

The directors and the internal and external legal advisers do not expect any material liabilities not already recognised to arise for the Sogecable Group as a result of the outcome of these lawsuits.

In January 2007, Prisacom, S.A. filed a complaint against Meristation Magazine, S.L. with a view to demanding performance of the terms and conditions of the purchase and sale contract entered into by the parties on 16 January 2002, and allowing the exercise of the purchase option for the website www.meristation.com by Prisacom. In November 2007 a judgment was handed down recognising Prisacom's right and, in addition, ordered Meristation to pay Prisacom damages. Meristation appealed against this judgment in January 2008.

Also, in December 2007, Prisacom, S.A. and Diario El País, S.L. filed a complaint at the Court of the Southern District of New York (USA) against *The Nielsen Company*. The plaintiffs claim that *The Nielsen Company* committed an act of serious negligence in measuring the audience figures of single users of the website www.elpais.com, giving rise to an unjustified decrease in the aforementioned figure.

Additionally, the Sogecable Group is involved in other claims for lesser amounts which the directors and the internal and external advisers consider will not give rise to any material liabilities.

(30) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of IFRSs as adopted by the European Union. Certain accounting practices applied by the Company that conform with IFRSs may not conform with other generally accepted accounting principles.

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (*)
EDUCATION <i>Fili consolidada</i> Aguilar A.T.A., S.A. de Ediciones	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	Ediciones Santillana, S.A. (Argentina) Ibaco, S.L.	1 share 5.00%	
Aguilar Chileno de Ediciones, S.A.	Dr. Anibal Ariztia 1444, Providencia - Santiago de Chile, Chile	Publishing	Santillana Ediciones Generales, S.L. Ibaco, S.L.	95.00% 0.03%	
Canal de Editoriales, S.A.	Juan Bravo, 38 - Madrid	Retailing	Santillana Ediciones Generales, S.L.	99.97%	
Constancia Editores, S.A.	Estrada da Outoroba 118, 2795 - Carnaxide Lirica a Velha - Portugal	Publishing	Grupo Santillana de Ediciones, S.L. Santillana Educación, S.L.	99.14% 100.00%	2/91
Distribuidora y Editora Aguilar A.T.A., S.A.	Calle 80, N 10-23 - Santa Fé de Bogotá, Colombia	Publishing	Ibaco, S.L. Ediciones Grazaiano, S.A. Ediciones Obradoro, S.A. Ediciones Voramar, S.A.	0.00% 0.01% 0.01% 5.01%	
Distribuidora y Editora Richmond, S.A.	Calle 80, N 10-13 - Santa Fé de Bogotá, Colombia	Publishing	Ibaco, S.L. Santillana Ediciones Generales, S.L. Ediciones Grazaiano, S.A. Ediciones Obradoro, S.A. Ediciones Voramar, S.A.	94.97% 0.10% 0.10% 0.10%	
Ediciones Aguilar Venezolana, S.A.	Rómulo Gallegos, Edificio Zulia 1° - Caracas, Venezuela	Publishing	Ibaco, S.L. Santillana Educación, S.L.	4.80% 94.90%	
Ediciones Grazaiano, S.A.	Rafael Bera Mateos, 3 - Sevilla	Publishing	Editorial Santillana, S.A. (Venezuela) Ibaco, S.L.	100.00% 0.02%	2/91
Ediciones Santillana Inc.	1506 Roosevelt Avenue, Guaynabo, Puerto Rico	Publishing	Santillana Educación, S.L.	99.98%	
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	Ibaco, S.L. Santillana Educación, S.L.	100.00% 5.00%	
Ediciones Santillana, S.A. (Uruguay)	Constitución, 1889 - 11500 - Montevideo, Uruguay	Publishing	Santillana Educación, S.L.	95.00%	
Ediciones Obradoro, S.A.	Via Pasteur, 44 Polígono Industrial Tambre - Santiago de Compostela	Publishing	Ibaco, S.L. Santillana Educación, S.L.	100.00% 0.01%	2/91
Ediciones Voramar, S.A.	Valencia, 44 - 46210 Piracaya - Valencia	Publishing	Ibaco, S.L. Santillana Educación, S.L.	99.99% 0.01%	2/91
Editora Fontanar, Ltda.	Rua Cosme Velho, 109 - Bairro Cosme Velho - Município do Rio de Janeiro - RJ - Brazil	Publishing	Santillana Educación, S.L. Editora Objetiva Ltda.	99.99% 99.96%	
Editora Moderna Ltda.	Rua Padre Adelino, 738 Beizinho, Sao Paulo - Brazil	Publishing	Editora Moderna Ltda.	3 shares	
Editora Objetiva Ltda.	Rua Cosme Velho 103, Rio de Janeiro - Brazil	Publishing	Santillana Educación, S.L.	100.00%	
Editorial Nuevo México, S.A. de C.V.	Insurgentes Sur, 686-904 - Colonia del Valle - Mexico City	Publishing	Santillana Ediciones Generales, S.L. Lanza, S.A. de C.V.	75.00% 100.00%	
Editorial Santillana, S.A. (Colombia)	Calle 80, N 10-23 - Santa Fé de Bogotá, Colombia	Publishing	Editorial Santillana, S.A. de C.V. (Mexico) Ibaco, S.L.	0.00% 5.10%	
Editorial Santillana, S.A. (Guatemala)	7ª Avenida 11-11, Zona 9, Guatemala, C.A.	Publishing	Santillana Educación, S.L. Ediciones Grazaiano, S.A.	94.90% 0.00%	
Editorial Santillana, S.A. (Honduras)	Colonia Lomas de Tepeyac, Casa No. 1626, contiguo al Autobanco Cuscatlan	Publishing	Ediciones Obradoro, S.A.	0.00%	
Editorial Santillana, S.A. (Dominican Republic)	Boulevard Juan Pablo II, Tegucigalpa, Honduras	Publishing	Ibaco, S.L. Santillana Educación, S.L.	0.00% 99.99%	
Editorial Santillana, S.A. (Venezuela)	Juan Sánchez Ramírez, 9, Caceres, Santo Domingo, Dominican Republic	Publishing	Ibaco, S.L. Santillana Educación, S.L.	0.01% 1.00%	
Editorial Santillana S.A. de C.V. (Mexico)	Rómulo Gallegos, Edificio Zulia 1° - Caracas, Venezuela	Publishing	Santillana Educación, S.L.	99.00%	
Editorial Santillana, S.A. de C.V. (El Salvador)	Avenida Universidad 767 - Colonia del Valle, Mexico City, Mexico	Publishing	Santillana Educación, S.L. Otras Sociadas Grupo Santillana de Ediciones, S.L.	100.00% 0.05%	
Grup Promotor D'Ensenyament i Difusió en Català, S.A.	Siemens, 48 Zona Industrial Santa Elena - La Libertad, El Salvador	Publishing	Editorial Nuevo México, S.A. de C.V. Lanza, S.A. de C.V.	1 share 100.00%	2/91
Grup Promotor de Informaciones, S.A.	Frederic Mompou, 11 - V. Olímpica, Barcelona	Publishing	Ibaco, S.L. Santillana Educación, S.L. Promotora de Informaciones, S.A. Santillana Educación, S.L.	0.05% 99.95% 0.01% 99.99%	

(*) Consolidated tax group of Promotora de Informaciones, S.A., 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2007

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (*)
Grupo Santillana de Ediciones, S.L.	Torreleguana, 60 - Madrid	Publishing	Promotora de Informaciones, S.A.	100.00%	2/91
Instituto Universitario de Posgrado, S.A.	Torreleguana, 60 - Madrid	Complementary educational services	Itaca, S.L.	0.00%	
Itaca, S.L.	Torreleguana, 60 - Madrid	Book distribution	Santillana Formación, S.L.	52.00%	
Lanza, S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, Mexico City, Mexico	Creation, development and management of companies	Grupo Santillana de Ediciones, S.L.	99.99%	2/91
N. Editorial, S.L.	Torreleguana, 60 - Madrid	Publishing	Promotora de Informaciones, S.A.	0.02%	
Punto de Lectura, S.L.	Torreleguana, 60 - Madrid	Publishing	Editorial Santillana, S.A. de C.V. (Mexico)	0.00%	
Punto de Lectura, S.A. de C.V.	Avenida Universidad 767 - México City, Mexico	Publishing	Santillana Educación, S.L.	100.00%	2/91
Punto de Lectura Argentina, S.A.	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	Grupo Santillana de Ediciones, S.L.	99.99%	
(formerly Suma de Letras Argentina, S.A.)		Publishing	Promotora de Informaciones, S.A.	0.01%	
Richmond Educación, Ltda.	Rua Urbano Santos, 755, Sala 4, Bairro Cumbica, Cidade de Guarulhos - Sao Paulo - Brazil	Publishing	Santillana Ediciones Generales, S.L.	100.00%	2/91
Richmond Publishing S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, Mexico City, Mexico	Publishing	Itaca, S.L.	1 share	
Solamandra Editorial, Ltda.	Rua Urbano Santos 160, Sao Paulo - Brazil	Publishing	Lanza, S.A. de C.V.	1.00%	
Santillana, S.A. (Costa Rica)	La Urruca, 200 m Oeste de Aviación Civil San José Costa Rica	Publishing	Editorial Santillana, S.A. de C.V. (Mexico)	0.02%	
Santillana, S.A. (Ecuador)	Avenida Eloy Alfaro, N33-347 y 6 de Diciembre - Quito, Ecuador	Publishing	Lanza, S.A. de C.V.	99.98%	
Santillana, S.A. (Paraguay)	Avenida Venezuela, 276 - Asunción, Paraguay	Publishing	Editora Moderna, Ltda.	100.00%	
Santillana, S.A. (Peru)	Avenida Primavera 2160 - Santiago de Surco, Lima, Peru.	Publishing	Itaca, S.L.	1 share	
Santillana Canarias, S.A.	Urbanización El Mayorazgo parcela 14, 27B - Santa Cruz de Tenerife	Publishing	Itaca, S.L.	0.01%	
Santillana de Ediciones, S.A.	Avenida Arce, 2333 - La Paz, Bolivia	Publishing	Santillana Educación, S.L.	1.00%	2/91
Santillana del Pacifico, S.A. de Ediciones.	Dr. Anibal Artztu 1444, Providencia - Santiago de Chile, Chile	Publishing	Santillana Educación, S.L.	99.00%	
Santillana Ediciones Generales, S.L.	Torreleguana, 60 - Madrid	Publishing	Santillana Ediciones Generales, S.L.	0.15%	
Santillana Ediciones Generales, S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, Mexico City, Mexico	Publishing	Santillana Educación, S.L.	99.70%	
Santillana Educación, S.L.	Torreleguana, 60 - Madrid	Publishing	Itaca, S.L.	1 share	
Santillana Formación, S.L. (Colombia)	Calle 73 N° 7-31 F8 TO 8 de Bogotá D.C. Colombia	Complementary educational services	Santillana Educación, S.L.	100.00%	2/91
Santillana USA Publishing Co. Inc.	2105 NW 86th Avenue - Doral, Florida, USA	Consultancy services for the obtainment of quality certification by schools	Lanza, S.A. de C.V.	0.00%	
Uno Educación, Ltda.	Rua Urbano Santos, 755, Sala 3, Bairro Cumbica, Cidade de Guarulhos - Sao Paulo - Brazil	Publishing	Grupo Santillana de Ediciones, S.L.	95.22%	
Zubia Editorial, S.A.	Polgono Lezama Leguzarmon, c/ 31 - Ekebarri, Vizcaya	Publishing	Itaca, S.L.	100.00%	2/91
<i>Proporcionado consolidación</i>			Grupo Santillana de Ediciones, S.L.	0.00%	
Santillana en Red, S.L.	Ribera del Sena s/n. Edificio APOT. Madrid	Multimedia publishing	Itaca, S.L.	100.00%	2/91
			Promotora de Informaciones, S.A.	1 share	
			Santillana Educación, S.L.	0.10%	
				99.90%	
			Prisacon, S.A.	50.00%	2/91
			Santillana Educación, S.L.	50.00%	

(*) Consolidated tax group of Promotora de Informaciones, S.A. - 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2007

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (*)
<p><u>PRESS</u> EL PAIS <i>Full consolidation</i></p> <p>Diario El País, S.L.</p> <p>Diario El País Argentina, S.A.</p> <p>Diario El País Do Brasil Distribuidora de Publicações, LTDA.</p> <p>Diario El País México, S.A. de C.V.</p>	<p>Miguel Yuste, 40 - Madrid</p> <p>Avenida Leandro N. Alem 720- Ciudad Autónoma de Buenos Aires</p> <p>Rua Padre Adelino, Nº 798, 3. Andar. Sala Quarta Parada, CEP 03303-904. Sao Paulo</p> <p>Avenida de la Universidad, 767 - Mexico City</p>	<p>Publication and operation of El País newspaper</p> <p>Operation of El País newspaper in Argentina</p> <p>Operation of El País newspaper in Brazil</p> <p>Operation of El País newspaper in Mexico</p>	<p>Promotora de Informaciones, S.A.</p> <p>Fundación Santillana</p> <p>Diario El País, S.L.</p> <p>Diario El País México, S.A. de C.V.</p> <p>Prisa División Internacional, S.L.</p> <p>Lanza, S.A. de C.V.</p> <p>Promotora de Informaciones, S.A.</p> <p>Diario El País, S. L.</p>	<p>100.00%</p> <p>0.00%</p> <p>99.00%</p> <p>1.00%</p> <p>99.99%</p> <p>0.01%</p> <p>1 share</p> <p>22.09%</p> <p>77.91%</p>	<p>2/91</p>
<p><u>SPECIALISED AND REGIONAL PRESS</u> <i>Full consolidation</i></p> <p>Box News Comunicación, S.L.</p> <p>Diario As, S.L.</p> <p>Espacio Editorial Andaluza Holding, S.L.</p> <p>Estructura, Grupo de Estudios Económicos, S.A.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Gestión de Medios de Prensa, S.A.</p> <p>Promotora General de Revistas, S.A.</p> <p><i>Proportional consolidation</i></p> <p>Eje de Editores Media, S.L.</p>	<p>Américo Vespucio 63, Isla de la Cartuja -Sevilla</p> <p>Albarez, 14 - Madrid</p> <p>Gran Vía, 32 - Madrid</p> <p>Gran Vía, 32 - Madrid</p> <p>Gran Vía, 32 - Madrid</p> <p>Gran Vía, 32 - Madrid</p> <p>Julían Camarillo, 29B, Madrid</p> <p>Gran Vía, 32 - Madrid</p>	<p>Publication, edition, distribution and sale of all manner of publications</p> <p>Publication and operation of the Diario As newspaper</p> <p>Holding company for publishing stakes</p> <p>Publication and operation of the Cinco Dias newspaper</p> <p>Holding company for publishing stakes</p> <p>Common services for regional and local newspapers</p> <p>Publication, production and operation of magazines</p> <p>Publication, sale and commercialisation of publications and content</p>	<p>Promotora General de Revistas, S.A.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Promotora de Informaciones, S.A.</p> <p>Promotora de Informaciones, S.A.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p> <p>Promotora de Informaciones, S.A.</p> <p>Grupo Empresarial de Medios Impresos, S.L.</p>	<p>100.00%</p> <p>0.00%</p> <p>75.00%</p> <p>100.00%</p> <p>100.00%</p> <p>0.00%</p> <p>100.00%</p> <p>45.00%</p> <p>99.96%</p> <p>0.04%</p> <p>50.00%</p>	<p>2/91</p> <p>2/91</p> <p>2/91</p> <p>2/91</p> <p>2/91</p> <p>2/91</p> <p>2/91</p>

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP
INTERNATIONAL PRESS <i>Full consolidation</i> Comunicaciones El País, S.A. Editorial Amanecer, S.A. Información Extra, S.A. Inversiones Grupo Multimedia de Comunicaciones, S.A.	Colinas de Santa Rita, La Paz, Bolivia Cristo Redentor 3355, Santa Cruz - Bolivia Avenida Argentina 2057, La Paz, Bolivia Federico Zuazo, 1598 - La Paz, Bolivia	Publishing Publishing Publishing Holding company	Inversiones Grupo Multimedia de Comunicaciones, S.A. Inversiones en Radiodifusión, S.A. Inversiones Grupo Multimedia de Comunicaciones, S.A. Illimani de Comunicaciones S.A. - ATB Red Nacional Inversiones Grupo Multimedia de Comunicaciones, S.A. Prisa División Internacional, S.L. Promotora de Informaciones, S.A. Prisacom, S.A.	94.75% 0.25% 94.97% 0.04% 0.02% 99.96% 0.02% 76.95% 23.05% 0.00%	

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (*)
RADIO RADIO IN SPAIN <i>Full consolidation</i> Aljara, S.A. Antena 3 de Radio, S.A.	García Lovera, 3 - Córdoba Gran Vía, 32 - Madrid	Operation of radio broadcasting stations Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L. Inversiones Godó, S.A. Palmira, S.A.	100.00% 64.64% 84.78%	2/91 2/91 2/91
Antena 3 de Radio de León, S.A. Antena 3 de Radio de Madrid, S.A. Avante Radio, S.A.	Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid	Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations	Antena 3 de Radio, S.A. Antena 3 de Radio, S.A. Radio Club Canarias, S.A. Radio Murcia, S.A.	99.56% 100.00% 3.33% 3.33%	2/91 2/91 2/91
Cantabria de Medios, S.A. Compañía Aragonesa de Radiodifusión, S.A. Corporación Canaria de Información y Radio, S.A. Ediciones Bidasoa, S.A. Ediciones LM, S.L. Frecuencia del Principado, S.A. Iniciativas Radiofónicas, S.A. Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Paseo de Peña, Nº 2, Interior, 39008. Santander Paseo de la Constitución, 21 - Zaragoza Carmel Balmes s/n - Las Palmas de Gran Canaria Gran Vía, 32 - Madrid Plaza de Cervantes, 6 - Ciudad Real Jovelanos 1, Cádiz Carreteros, 1 - Toledo	Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Printing of published materials Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A. Propulsora Montañesa, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad de Servicios Radiofónicos Unión Radio, S.L. Sociedad Española de Radiodifusión, S.A. Sociedad de Servicios Radiofónicos Unión Radio, S.L. Onida, S.A.	93.34% 100.00% 97.03% 100.00% 100.00% 50.00% 100.00%	2/91 2/91 2/91 2/91 2/91
Inversiones Godó, S.A. La Palma Difusión, S.A. Orda La Finopisa, S.A. Onda Musical, S.A.	Avda. Diagonal, 477 - Barcelona Almirante Díaz Pineda, 10 - Los Llanos de Aridane Limosna, 2 - Hircosua del Duque - Córdoba Gran Vía, 32 - Madrid	Holding company Operation of radio broadcasting stations Operation of radio broadcasting stations	Ediciones LM, S.L. Sociedad de Servicios Radiofónicos Unión Radio, S.L. Sociedad de Servicios Radiofónicos Unión Radio, S.L. Antena 3 de Radio, S.A. Antena 3 de Radio, S.A.	40.00% 30.00% 100.00% 100.00% 49.01%	2/91 2/91 2/91 2/91
Onida, S.A. Onida Galicia, S.A. Palmira, S.A. Propulsora Montañesa, S.A. Radio 30, S.A. Radio Burgos, S.L.U. Radio Club Canarias, S.A. Radio España de Barcelona, S.A. Radio Gibraltar, S.A. Radio Irón, S.L. Radio Murcia, S.A. Radio Zaragoza, S.A.	Cueto, 6 - Barcelona San Pedro de Mezonzo 3 - Santiago de Compostela Gran Vía, 32 - Madrid Paseo de Peña, Nº 2, Interior, 39008. Santander Radio Murcia 4 - Murcia Venerables 8 - Burgos Avenida Anaga, 35 - Santa Cruz de Tenerife Cueto, 6 - Barcelona Santa Paula 2, Granada C/ Iglesia 2 - 20302 Irón (Gipuzkoa) Radio Murcia, 4 - Murcia Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations Operation of radio broadcasting stations Holding company for stakes in radio broadcasting companies Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Radio Murcia, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Compañía Aragonesa de Radiodifusión, S.A. Ediciones Bidasoa, S.A. Antena 3 de Radio, S.A.	100.00% 100.00% 100.00% 100.00% 100.00% 95.00% 99.32% 100.00% 100.00% 83.33% 66.00% 34.00%	2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91
Radiodifusión Tenerife, S.A. Radiodifusión de Navarra, S.A. Sociedad de Servicios Radiofónicos Unión Radio, S.L. Sociedad Española de Radiodifusión, S.A. Sociedad Independiente Comunicación Castilla La Mancha, S.A. Sociedad de Radiodifusión Aragonesa, S.A. Sociedad de Comunicación y Publicidad, S.L. Sogecable Música, S.L.	Avenida Anaga, 35 - Santa Cruz de Tenerife Polígono Plazaola, Manzana F - 2/A - Pamplona Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Avenida de la Estación, 5 Bajo - Albuete Paseo de la Constitución, 21 - Zaragoza Parr. de la Mola, 10 Torre Caldera, 6 Escalate - Engordany (Andorra) Gran Vía, 32 - Madrid	Operation of radio broadcasting stations Services to radio broadcasting companies Operation of radio broadcasting stations Operation of radio broadcasting stations Operation of radio broadcasting stations Creation, broadcasting, distribution and operation of thematic TV channels	Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Compañía Independiente de Televisión, S.L. Antena 3 de Radio, S.A.	100.00% 100.00% 100.00% 100.00% 100.00% 50.00%	2/91 2/91 2/91 2/91
Sonido e Imagen de Cuarte, S.A. Talavera Visión, S.L. Toboso, S.A. Toleradio Press, S.L. Televisión Ciudad Real, S.L.	Culdra de Banderas, 5 - Arrecife Plaza Cervantes 64 Ciudad Real Gran Vía, 32 - Madrid Avenida de la Estación, 5 Bajo - Albuete Plaza España, 2 - Ciudad Real	Operation of radio broadcasting stations Operation of radio broadcasting stations Media management Production, broadcasting, publishing and distribution of media and advertising activities	Antena 3 de Radio, S.A. Sociedad Española de Radiodifusión, S.A. Sociedad Española de Radiodifusión, S.A. Compañía Independiente de Televisión, S.L.	50.00% 100.00% 71.64% 75.10% 75.10%	2/91 2/91 2/91 2/91
Unión Radio Digital, S.A. Valdepeñas Comunicación, S.L.	Gran Vía, 32 - Madrid Plaza de Cervantes, 6 - Ciudad Real	Operation of digital radio broadcasting concession Operation of radio broadcasting stations	Antena 3 de Radio, S.A. Sociedad de Servicios Radiofónicos Unión Radio, S.L.	40.00% 60.00% 50.00%	2/91
<i>Equity method</i> Radio Irón, S.L. Unión Radio del Pirineo, S.A.	Obispo Aguilar, 1 - Jón Carre Pral del Cren, 32 - Andorra la Vella	Operation of radio broadcasting stations Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L. Sociedad de Servicios Radiofónicos Unión Radio, S.L.	35.99% 33.00%	2/91

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (%)
INTERNATIONAL RADIO <i>Full consolidation</i>					
Abril, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Inactive	Iberromana Radio Chile S.A.	100.00%	
Aurora, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Inactive	Iberromana Radio Holding Chile, S.A.	0.00%	
Blayo y Vega, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Advertising sales	GLR Chile Ltda	99.98%	
Caracol, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Radiodifusión Iberoamericana Chile, S.A.	100.00%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Operation of radio broadcasting stations	Iberromana Radio Chile, S.A.	0.00%	
Caracol Esbozo, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	GLR Broadcasting LLC	77.05%	
CHR, Cadena Hispanoamericana de Radio, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Grupo Latino de Radio, S.L.	100.00%	
Compañía de Comunicaciones C.C.C. Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Caracol, S.A.	48.15%	
Compañía de Radios, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Sale of advertising and rental of advertising space	Promotora de Publicidad Radial, S.A.	5.04%	
Comunicaciones del Pacífico, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation and management of TV channels and radio stations	Caracol Esbozo, S.A.	43.48%	
Comunicaciones Santiago, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Caracol Esbozo, S.A.	71.13%	
Consortio Radial de Chile, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Ecos de la Montaña, Cadena Radial Andina, S.A.	4.42%	
Consortio Radial de Panamá, S.A.	Urbanización Obispo, Calle 54 Edificio Caracol, Panamá	Operation of radio broadcasting stations	Grupo Latino de Radio, S.L.	16.72%	
Corporación Argentina de Radiodifusión, S.A.	Boulevard 3860 - Buenos Aires, Argentina	Advisory services and commercialization of services and products in general and particularly to Green Emerald Business Inc.	Promotora de Publicidad Radial, S.A.	19.27%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Operation of radio broadcasting stations	Iberromana Radio Holding Chile, S.A.	99.92%	
Embrasa Mil Yatech, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Operation of radio broadcasting stations	GLR Chile Ltda	0.08%	
Fast Net Comunicaciones, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Telecommunications and radio broadcasting services	Consortio Radial de Chile, S.A.	66.70%	
GLR Broadcasting LLC	Baypoint Office Tower, 470 Biscayne Blvd, Suite 700 Miami, FL 33137	Operation of radio broadcasting stations	Comunicaciones Santiago, S.A.	33.30%	
GLR Chile Ltda	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Radiodifusión del Norte Ltda.	75.00%	
GLR Colombia, Ltda	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Provision of services to radio broadcasters	GLR Chile Ltda	99.86%	
GLR Midt France, S.A.R.L.	Immeuble La Perle, 83-87 Av. d'Italie - Paris, France	Radio broadcasting	Grupo Latino de Radio, S.L.	0.14%	
GLR Networks, LLC	Baypoint Office Tower, 470 Biscayne Boulevard, Suite 700 - Miami 2100 Coral Way - Miami 33145 - Florida, USA	Provision of services to broadcasters	GLR Services Inc.	99.40%	
GLR Southern California, LLC	2711 Centreville Road Suite 400 Wilmington De 19080	Provision of services to broadcasters	Ediciones Santillano, S.A. (Argentina)	0.60%	
Grupo Latino de Radio, S.L.	Green Via, 32 - Madrid	Development of the Latin radio market	Grupo Latino de Radio, S.L.	76.80%	
Iberromana Radio Chile, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Advertising sales	Grupo Latino de Radio, S.L.	75.22%	
Iberromana Radio Holding Chile, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Holding company and sale of advertising space	Comunicaciones Santiago, S.A.	99.00%	
L54 Radio Continental, S.A.	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Radio broadcasting and advertising services	Promotora de Publicidad Radial, S.A.	1.00%	
Promotora de Publicidad Radial, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Radio broadcasting	Grupo Latino de Radio, S.L.	99.99%	
PUBLICITARIA Y DIFUSORA DEL NORTE LTDA.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Prisa División Internacional, S.L.	99.00%	
Radiodifusión Bethoven Valparaíso, Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Prisa División Internacional, S.L.	40.00%	
Radiodifusión Iberoamericana Chile, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Operation of radio broadcasting stations	Le Monde, S.A.	20.00%	
Radiodifusión Transitoria, S.A.	El Estero Yatech, N° 1783 - Comuna Providencia Santiago	Holding company	GLR Services Inc.	40.00%	
Radio Esbozo, S.A.	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Rental of equipment	Grupo Latino de Radio, S.L.	100.00%	
		Radio broadcasting and advertising services	GLR Broadcasting LLC	100.00%	
			Sociedad de Servicios Radiodifusivos Unión Radio, S.L.	100.00%	2/91
			GLR Chile Ltda	100.00%	
			GLR Services Inc.	100.00%	
			Iberromana Radio Chile, S.A.	0.00%	
			GLR Services Inc.	0.00%	
			Corporación Argentina de Radiodifusión, S.A.	30.00%	
			GLR Services Inc.	70.00%	
			Grupo Latino de Radio, S.L.	77.04%	
			Consortio Radial de Chile, S.A.	99.00%	
			GLR Chile Ltda	1.00%	
			Comunicaciones del Pacífico S.A.	91.00%	
			Comunicaciones Santiago S.A.	9.00%	
			Iberromana Radio Chile, S.A.	100.00%	
			GLR Services Inc.	0.00%	
			Iberromana Radio Holding Chile, S.A.	99.96%	
			GLR Chile Ltda	0.04%	
			Corporación Argentina de Radiodifusión, S.A.	30.00%	
			GLR Services Inc.	70.00%	

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 07	
				OWNERSHIP INTEREST	TAX GROUP (*)
Radio Mercado, Ltda.	Carrera, 39-A - 1381 - Bogotá, Colombia	Commercial radio broadcasting services	Caracol, S.A. Cancón Estéreo, S.A. Ecos de la Montaña Emisora Mil Vecino, S.A. Grupo Latino de Radio, S.L. Promotora de Publicidad Radial, S.A. Consortio Radial de Chile, S.A. Publicitaria y Difusora del Norte Ltda. Radiodifusión Iberoamericana Chile, S.A. Iberoamericana Radio Chile, S.A. Consortio Radial de Chile, S.A. Publicitaria y Difusora del Norte Ltda. Grupo Latino de Radio, S.L. Prisa División Internacional, S.L.	29.85% 0.35% 0.01% 0.35% 48.40% 0.35% 80.00% 20.00% 99.90% 0.10% 80.00% 20.00% 99.99% 1 share	
Sociedad Radiodifusora del Norte, Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations			
Sociedad de Radiodifusión El Litre, S.A.	Elidoro Yañez, N° 1783 - Comuna Providencia Santiago	Rental of equipment and advertising sales			
Sociedad de Radiodifusión y Publicidad Exva Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations			
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana Ensenada, 3100 Rancho Altamira Blvd Popoila y Camino al FRACC Misión del Mar Playas de Rosarito Baja California	Real estate development services			
<i>Proprietaria consolidación</i>					
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan, 3000 col Esparitaco Mexico City 04870	Operation of radio broadcasting stations			
GLR Costa Rica, S.A.	Llorente de Tibás, Edificio La Nación - San José, Costa Rica	Radio broadcasting			
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara - Mexico	Operation of radio broadcasting stations			
Radio Melodía, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara - Mexico	Operation of radio broadcasting stations			
Radio Topatú, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara - Mexico	Operation of radio broadcasting stations			
Radiotelevisora de Mexicali, S.A. de C.V.	Av. Reforma 1270 Mexicali Baja California, Mexico	Operation of radio broadcasting stations			
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan, N° 3000, Col. Delegación Coyucaan, 04870, Mexico City	Operation of radio broadcasting stations			
Servicios Xezza, S.A. de C.V.	Calzada de Tlalpan, N° 3000, Col. Delegación Coyucaan, 04870, Mexico City	Operation of radio broadcasting stations			
Sistema Radiópolis, S.A. de C.V.	Av. Vasco de Quiroga 2000, México City	Operation of radio broadcasting stations			
Xezza, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara - Mexico	Operation of radio broadcasting stations			
<i>Equity investid</i>					
El Dorado Broadcasting Corporation	2100 Coral Way - Miami, Florida, USA	Development of the Latin radio market in the USA			
Green Emerald Business Inc.	Calle 54 Obarrío N° 4, Ciudad de Panamá - Panama	Development of the Latin radio market in Panama			
WSUA Broadcasting Corporation	2100 Coral Way - Miami, Florida, USA	Radio broadcasting			
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana Ensenada 3100 Rancho Altamira Blvd Popoila y Camino al FRACC Misión del Mar Playas de Rosarito Baja California	Advisory services on business administration and organisation			
MUSIC					
<i>Full consolidation</i>					
Compañía Discográfica Mexicc Records, S.A.	Gran Via, 32 - Madrid	Production and recording of sound media			2/91
Cesión de Marcas Audiovisuales, S.A. (formerly Ediciones Musicales Horis, S.A.)	Gran Via, 32 - Madrid	Production and recording of sound media			2/91
Gran Via Musical de Ediciones, S.L.	Gran Via, 32 - Madrid	Provision of music services			2/91
Lyrics and Music, S.L.	Gran Via, 32 - Madrid	Music publishing			2/91
Media Festivals, S.A.	Gran Via, 32 - Madrid	Production and organisation of shows and events			2/91
Nova Ediciones Musicales, S.A.	Gran Via, 32 - Madrid	Music publishing			0.03%
Planet Events, S.A.	Gran Via, 32 - Madrid	Production and organisation of shows and events			100.00%
			Gran Via Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A. Gran Via Musical de Ediciones, S.L. Promotora de Informaciones, S.A. Plural Entertainment España, S.L. Gran Via Musical de Ediciones, S.L. Gran Via Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A. Gran Via Musical de Ediciones, S.L. Promotora de Informaciones, S.A. Gran Via Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A.	100.00% 0.00% 100.00% 100.00% 0.00% 100.00% 99.97% 0.03% 100.00% 0.00% 50.99% 0.01%	2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2007

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	December-07	
			OWNERSHIP INTEREST	TAX GROUP (*)
Productora Digital de Medios Audiovisuales, S.A. Productora Extremeña de Televisión, S.A. Promociones Audiovisuales Sevillanas, S.A. Promoción de Actividades Audiovisuales en Canarias, S.A. Promotora Audiovisual de Zaragoza, S.L.	Juan de la Cueva, 72 - Polígono Industrial Prado Regordano - Móstoles J. M. R. "Azorín" Ed. Zeus, Polígono La Cochera - Mérida, Badajoz Rafael González Abreu, 3 - Seville Avenida Anaga, 35 - Santa Cruz de Tenerife Emilia Pardo Bazán, 18 - Zaragoza	Local TV services Local TV services Production and broadcasting of videos and TV programmes TV communication activities in the Canary islands Local TV services	100.00% 66.00% 55.00% 100.00% 0.10%	2/91 2/91 2/91
Promotora de Emisoras, S.L. Promotora de Emisoras de Televisión, S.A. Telecomunicaciones Antequera, S.A. Televisión, Medios y Publicidad, S.L. TV Local Eivissa, S.L.	Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Agardenteros, 15 - Antequera, Málaga Quitano, 38 - Alicante Avenida San Jordi s/n - Edificio Residencial - Ibiza	Radio broadcasting services Operation of TV channels Local TV services TV services TV services	99.90% 100.00% 75.00% 100.00% 100.00%	2/91 2/91 2/91 2/91
<u>Emity media</u> Albarizas Comunicación, S.A.	Avenida del Membrillar s/n - Jerez de la Frontera, Cádiz	Production and broadcasting of videos and TV programmes	50.00% 50.00%	2/91 2/91
Canal Bilbao, S.A. Canal Gasteiz Televisión, S.L. Compostela Visión, S.L. Ferrovisión, S.L. Gupúzcoa Televisión, S.A. Grupo de Comunicación y Televisión Castilla La Mancha, S.A. Productora Canaria de Programas, S.A. Productora de Televisión de León, S.A. Productora de Televisión de Salamanca, S.A. Promotora Audiovisual de Jaén, S.A.	Ribera Elornete, 3 - Bilbao Portal de Gamara 23, Pabellón A-01013 Gasteiz-Vitoria, Alava Rúa Nova 32, 2ª planta 15705 Santiago de Compostela-La Coruña Arce s/n, Ferrol Libertad, 17 - San Sebastián C/ País Valenciano 5 - Ciudad Real Enrique Wolfson 17 - S. C. de Tenerife República Argentina, 28 - León Arco 16-20 - Salamanca Avenida del Ejército Español, 6 - Jaén	Local TV services Local TV services Development of the Latin radio market Local TV services Local TV services Local TV services Development of a promotional TV channel for the Canary Islands Local TV services Local TV services	50.00% 50.00% 30.00% 30.00% 100.00% 100.00% 33.33% 40.00% 31.07% 43.34% 25.00% 20.01%	2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91 2/91
Radio Televisión Compostela, S.L. Riotedisa, S.A. Televisión Bidasoa, S.L. Televisión Digital de Baleares, S.L. Televisión Pontevedra, S.A. Unión de Televisiónes Gallegas, S.A.	Fuencarral, 123 - Madrid Avenida de Portugal, 12 - Logroño Señor Aranzate, 10 20304 - Irdn, Guipúzcoa Avenida Sieze de Julio, 53 Palma de Mallorca - Balearic Islands Castelao 3 B 1º - Pontevedra Plaza de Oñese, 3 - La Conuta	Local TV services Audiovisual productions for TV Local TV services Local TV services Local TV services Operation of local audiovisual media	23.00% 100.00% 49.00% 90.00% 0.09% 39.91% 100.00% 34.92%	2/91 2/91 2/91 2/91 2/91 2/91
<u>PLURAL</u> <u>Prill consolidation</u> Chip Audiovisual, S.A. Factoría Plural, S.L. Plural Entertainment Canarias, S.L. Plural Entertainment España, S.L. Plural Entertainment Inc. Tesea Producciones Cinematográficas, S.L.	Coso, 100 planta 3ª puerta 4-50001 Zaragoza C/ Biarritz, 2 - 50017 Zaragoza Dársena Pequera - Edif. Platé del Atlántico - San Andrés 38180 Gran Vía, 32 - Madrid 1680 Michigan Avenue, Suite 730 - Miami Beach - USA Gran Vía, 32 - Madrid	Audiovisual productions for TV Production and distribution of audiovisual content Production and distribution of audiovisual content Production and distribution of audiovisual content Production and distribution of audiovisual content	50.00% 51.00% 100.00% 100.00% 0.00% 100.00% 80.80%	2/91 2/91
<u>Proprietate consolidatie</u> Plural - jempsa, S.L. Sociedad Canaria de Televisión Regional, S.A.	Gran Vía, 32 - Madrid Avenida de Madrid s/n - Tenerife	Production and distribution of audiovisual content Audiovisual productions for TV	50.00% 40.00%	2/91

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (*)
DIGITAL					
<u>Full consolidation</u> Prisa.com, S.A.	Gran Vía, 32 - Madrid	Internet services	Promotora de Informaciones, S.A.	100.00%	2/91
Infotecnia 11824, S.L.	Ronda de Poniente 7, Tres Cantos - Madrid	Telecommunications services	Oficina del Autor, S.L. Prisa.com, S.A.	0.00% 60.00%	
<u>Proportionate consolidation</u> Santillana en Red, S.L.	Ribera del Sena s/n, Edificio APOT, Madrid	Multimedia publishing	Prisa.com, S.A. Santillana Educación, S.L.	50.00% 50.00%	2/91
PRINTING					
<u>Full consolidation</u> Prisaprint, S.L.	Gran Vía, 32 - Madrid	Management of printing companies	Promotora de Informaciones, S.A. Grupo Empresarial de Medios Impresos, S.L.	100.00% 0.00%	2/91
<u>Equity method</u> Altamira, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Helicolor, S.A.	100.00%	
Bidason Press, S.L.	Gran Vía, 32 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Dédalo Allamira, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Dédalo Grupo Gráfico, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Prisaprint, S.L.	40.00%	
Dédalo Helicolor, S.A. (formerly Dédalo Hispánica, S.A.)	C/ Camino de los Aflijidos 5/N - Alcala de Henares - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Dédalo Offset, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Distribuciones Aliadas, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	Dédalo Helicolor, S.A.	100.00%	
Gráficas Integradas, S.A.	C/ Camino de los Aflijidos 5/N - Alcala de Henares - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Macrolibros, S.A.	C/ Vázquez de Menchaca, 9, Polígono Industrial Argales - Valladolid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	1 share	
Mateu Crono Artes Gráficas, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Mateu Crono Artes Gráficas, S.A.	100.00%	
Mateu Liber, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Norpremsa, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L. Mateu Crono Artes Gráficas, S.A.	99.50% 0.50%	

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December-07	
				OWNERSHIP INTEREST	TAX GROUP (*)
OTHER BUSINESSES					
<i>Full consolidation</i>					
GLP Colombia, Ltda	Carrera 9, 9907 Oficina 1200, Bogotá, Colombia	Operation and sale of all manner of advertising	Prisa División Internacional, S.L.	100.00%	2/91
Oficina del Autor, S.L.	Gran Vía, 32 - Madrid	Management of publishing rights and author representation	Prisacom, S.A.	0.03%	
Prisa División Inmobiliaria, S.L.	Gran Vía, 32 - Madrid	Lease of commercial and industrial premises	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa División Internacional, S.L.	Gran Vía, 32 - Madrid	Holdings in foreign companies	Promotora de Informaciones, S.A.	100.00%	2/91
Prisa Finance (Netherlands) BV	Gran Vía, 32 - Madrid	Holdings in and financing of companies	Grupo Santillana de Ediciones, S.L.	0.00%	
Promotora de Actividades América 2.010, S.L.	5300 First Union Financial Centre, Miami, Florida, USA	Business management in the US and North America	Grupo Empresarial de Medios Impresos, S.L.	0.00%	
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Gran Vía, 32 - Madrid	Production and organisation of activities and projects marking the bicentenary of American independence	Prisa División Internacional, S.L.	100.00%	2/91
	Gran Vía, 32 - Madrid		Promotora de Informaciones, S.A.	99.00%	1.00%
	Calle 80, 10 23 Bogotá D.C. (Colombia)	Production and distribution of audiovisual content	Prisa División Internacional, S.L.	99.00%	1.00%
<i>Equity method</i>					
Iberbanda, S.A.	Paseo de la Castellana, 110 - Madrid	Creation, development and management of communications networks	Promotora de Informaciones, S.A.	21.69%	

(*) Consolidated tax group of Promotora de Informaciones, S.A.: 2/91

**PROMOTORA DE INFORMACIONES, S.A. (PRISA) AND
SUBSIDIARIES**

Consolidated Directors' Report for 2007

PROMOTORA DE INFORMACIONES, S.A. (PRISA)
AND SUBSIDIARIES
CONSOLIDATED DIRECTORS' REPORT FOR 2007

1. BUSINESS PERFORMANCE

Organisational matters

The Group's activities are organised into four main areas: Press, Radio, Education-Publishing and Audiovisual, complemented by the Digital activity, which operates across all the areas.

Press activities include the El País, Specialised Press and Magazine businesses, as well as the International Press business formerly included in International Media.

Radio activities include the Radio business in Spain and abroad (Colombia, Mexico, United States, Argentina, Chile, Panama and Costa Rica) as well as the Gran Vía Musical business.

Education-Publishing comprises the Santillana business in Spain, Portugal, United States and Latin America.

Audiovisual brings together the Local TV businesses, Audiovisual Production (Plural) and Sogecable and Media Capital, which has been fully consolidated since 1 February 2007.

The Digital business includes the activities of Prisacom.

Also, the Group engages in other business activities relating to the Media Management (MM), Distribution, Real Estate and Corporate businesses.

The *most significant events* in the period from January to December 2007 were as follows:

- **Increased advertising revenue (+46.7%)**. The increases in the **Radio in Spain (+11.0%)**, **El País (+6.4%)**, **International Radio (+20.4%)** and **Digital (+48.3%)**, in addition to the contribution of **Sogecable** and **Media Capital**, explain this performance.
- **Growth in revenue from sales of newspapers and magazines (+4.8%)**, explained by the positive performance of **the circulation figures of El País (+0.7%)**, **AS (+9.3%)** and **Cinco Días (+19.3%)**.
- The EBITDA of **Radio** increased by 24.3%. Profit from operations exceeded one hundred million euros (EUR 101.79 million, +26.3%). **Cadena SER**, with 5,056,000 listeners, has an audience that exceeds the total listeners of its three main competitors taken together.

- **Santillana** posted the best results in its history: revenue (EUR 560.00 million) grew by 14.6%. Of particular note were the campaigns in **Brazil** (+42.1%) and **Spain** (+9.5%), in addition to **Venezuela** (+38.3%), **Colombia** (+22.3%), **Chile** (+22.2%) and **Argentina** (+14.6%).
- The EBITDA of **Sogecable** amounted to EUR 323.92 million. **Cuatro** obtained a profit in its second year of operations and ended the year with an average audience share of 7.8% in December and 7.7% for the year taken as a whole.
- At 31 December 2007, **DIGITAL+** had 2,065,000 subscribers.
- **TVI**, the leading Portuguese television channel, maintained its position of leadership: the average daily audience share in 2007 was 34.3% and 37.9% during *prime time*.
- The EBITDA of **Audiovisual production (Plural)** improved by 79.3%.
- **Internet (Prisacom)** achieved revenue of EUR 34.67 million (+12.4%).

Other important events in 2007 were as follows:

- Following the death of Jesús de Polanco, Prisa's Board of Directors appointed **Ignacio Polanco Moreno** as Chairman.
- Prisa entered into an **irrevocable agreement** with **Eventos, S.A.** which guaranteed that the former would own more than 50% of the share capital of **Sogecable** and launch a **mandatory takeover bid** for all the company's share capital.
- Prisa increased its ownership interest in **Media Capital** to 94.69%, as a result of the outcome of the **voluntary and mandatory takeover bids** launched for all the company's share capital.
- **Memorandum of understanding** with **3i Europe** whereby the latter will acquire a holding of approximately 16.2% in **Unión Radio**, through a mixed share purchase and capital increase transaction, for a total investment of EUR 225 million. The arrival of the new shareholder will boost the **development** of **Unión Radio** in the **Hispanic market in the US**.
- **Re-launch** of **El País**, in both its digital and printed version, with a **new design** and vocation to be the **global daily newspaper** in Spanish.
- Prisa executed the acquisition of all the shares of **Iberoamericana Radio Chile, S.A. (IARC)** for EUR 57.81 million.
- Prisa sold its investments in the **Regional Press** business (**El Correo de Andalucía, Diario Jaén** and **Novotécnica**) for EUR 29 million, giving rise to a capital gain of EUR 3.47 million.

- **Media Capital** sold its *Outdoor* business (outdoor advertising) for EUR 47 million.

The most important changes in the scope of consolidation as a result of the aforementioned events were as follows:

- **Sogecable** was fully consolidated in the Prisa Group in 2007. In the first quarter of 2006, it was accounted for using the equity method and from 1 April 2006 onwards it was fully consolidated.
- **Media Capital** has been fully consolidated in the Prisa Group since 1 February 2007. In 2006 this company was accounted for using the equity method.
- **Iberoamericana Radio Chile** has been fully consolidated in the Group since 1 July 2007.
- **Regional Press** (El Correo de Andalucía, Diario Jaén and Novotécnica) ceased to contribute figures to the consolidated Group on 1 July 2007.
- **Printing** began to be accounted for using the equity method on 1 January 2007. In 2006 this business was classified as an asset held for sale.

INCOME STATEMENT

€ Millions	JANUARY - DECEMBER		
	2007	2006	% Change
Operating Income	3,696.03	2,811.76	31.4
EBITDA	779.62	531.46	46.7
EBIT	519.93	285.95	81.8
Net financial result	(195.26)	(110.80)	(76.2)
Result of companies accounted for using the equity method and from other investments	(35.67)	(8.73)	-
Profit before tax	289.00	166.42	73.7
Income tax	(26.92)	64.36	(141.8)
Results from discontinued operations	0.00	(0.45)	-
Profit attributable to minority interests	(70.11)	(1.42)	-
Net profit	191.97	228.91	(16.1)
EBITDA margin	21.1%	18.9%	
EBIT margin	14.1%	10.2%	

OPERATING INCOME

In 2007 operating income increased by 31.4% to EUR 3,696.03 million, compared to EUR 2,811.76 million in 2006. The breakdown by **business line** is as follows:

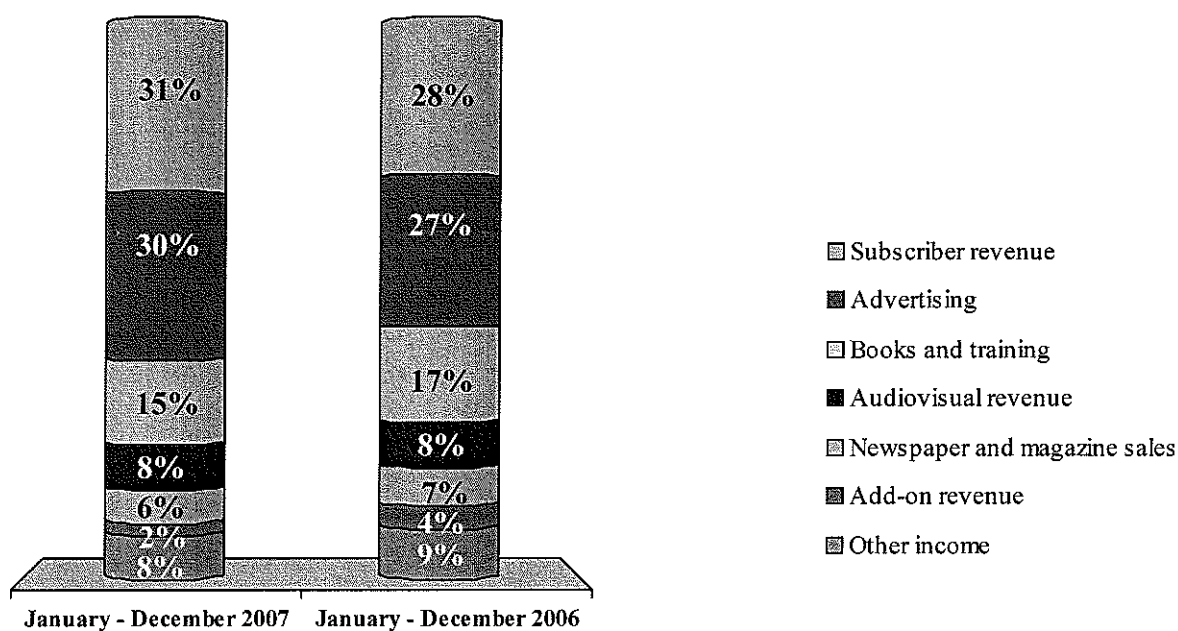
€ Millions	JANUARY - DECEMBER		
	2007	2006	% Change
Advertising	1,122.27	765.20	46.7
Books and training ¹	536.47	465.05	15.4
Newspapers and magazine sales	210.52	200.82	4.8
Subscriber revenue	1,136.32	795.60	42.8
Audiovisual revenue	313.71	219.34	43.0
Add-ons revenue	88.09	99.78	(11.7)
Printing sales ²	0.51	53.76	(99.1)
Income from fixed assets	22.38	27.79	(19.5)
Other income ³	265.76	184.42	44.1
Total operating income	3,696.03	2,811.76	31.4

¹ The amounts for 2006 include a reclassification of EUR 10.49 million from "Books and Training" to "Other Income", relating to most of the revenue arising from the sales of Canal de Editoriales (Crisol bookshops), in order to make the related amounts comparable with those of 2007.

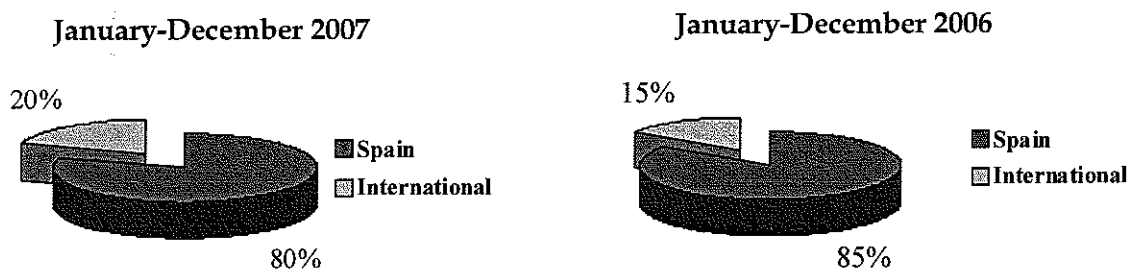
² The profit of the printing business has been included in the Group is profit using the equity method since 1 January 2007.

³ This item includes telephone hotline services, transmission services, advertising services, magazine sales services, distribution services, events, music sales, e-commerce, Internet services, sales from bookshops, rentals and other income.

Sogecable being fully consolidated since 1 April 2006 and Media Capital since 1 February 2007 has led to a change in the composition of revenue. The accompanying graph shows the contribution of the various business lines to revenue in 2007 and 2006:



The breakdown of revenue by geographical area is as follows:



In 2007 20% of revenue was generated by the international area, of which 52% related to Santillana, 33% to Media Capital and the remaining percentage to the radio and international press businesses.

➤ Advertising

Advertising revenue (EUR 1,122.27 million) grew by 46.7% in 2007. The change in advertising revenue, by business line, in 2007 was as follows:

€ Millions	JANUARY - DECEMBER		
	2007	2006	% Change
Press	272.49	259.16	5.1%
El País	218.22	205.13	6.4%
Specialised and Regional Press	51.77	50.39	2.7%
AS	21.67	18.93	14.5%
Cinco Días	11.73	11.00	6.6%
Regional Press*	8.69	12.47	(30.3%)
Magazines	9.72	7.92	22.8%
Other	(0.04)	0.08	(154.6%)
International Press	3.98	4.92	(19.0%)
Consolidation adjustments	(1.48)	(1.27)	(16.7%)
Radio	353.85	319.06	10.9%
Radio in Spain	270.55	243.64	11.0%
International Radio	82.82	68.78	20.4%
Music	0.50	6.67	(92.5%)
Consolidation adjustments	(0.02)	(0.03)	29.0%
Audiovisual	491.70	187.00	162.9%
Sogecable	301.19	166.90	80.5%
Cuatro	272.70	144.93	88.2%
Digital+	28.49	21.97	29.7%
Media Capital**	168.94	---	---
Local TV	20.05	19.97	0.4%
Plural	1.52	0.13	---
Digital	15.81	10.66	48.3%
Other	0.11	0.60	(82.0%)
Consolidation adjustments	(11.68)	(11.28)	(3.5%)
TOTAL	1,122.27	765.20	46.7%

* Regional press (El Correo de Andalucía and Diario Jaén) contributed advertising revenue until June 2007.

** For the purposes of accounting uniformity in the consolidation process, the amount generated by the Outdoor business up to the disposal thereof is included and was recognised under "Loss from Discontinued Operations" in Media Capital's income statement.

➤ Books and training

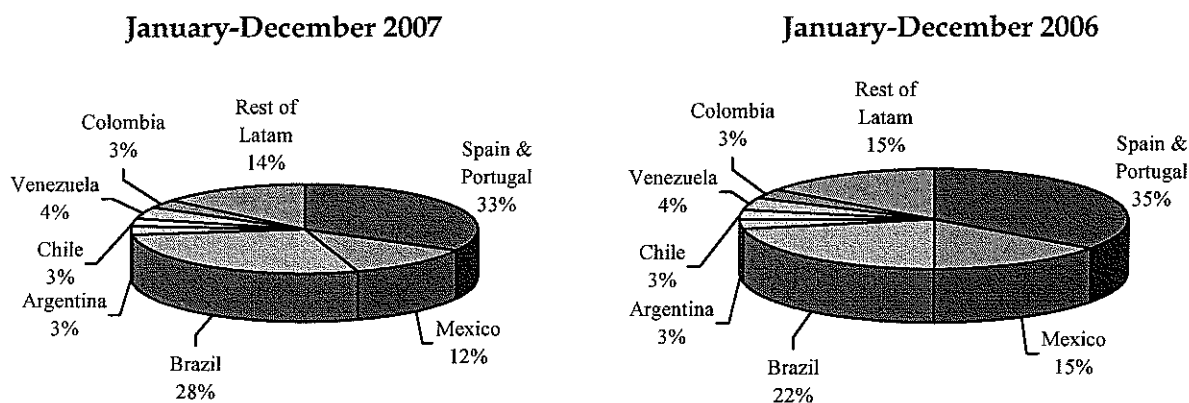
Books and training revenue increased by 15.4% in 2007 with respect to 2006 (EUR 536.47 million in 2007 as compared with EUR 465.05 million in 2006).

Most noteworthy in the **northern area** campaigns was the performance of **Spain** (+9.5%), where the market share of text and foreign language books increased by 1%. Equally worthy of mention was the **Venezuela** campaign, in which revenue grew by 38.3%.

In the **southern area**, revenue increased by 42.1% in the **Brazil** campaign, explained mainly by the sound performance of public sales in 2007, in which market share increased with respect to previous years. In addition, the favourable performance of the **Colombia** (+22.3%), **Chile** (+22.2%) and **Argentina** campaigns (+14.6%) was notable.

The fall in the value of the dollar against the euro adversely affected the revenue of Santillana, which decreased by EUR 12.18 million. Excluding this effect, revenue would have increased by 17.1%.

The geographical breakdown of revenue was as follows:



The sound performance of the **Brazil** campaigns took this country to second place, since 2006, in terms of revenue generation in the Education-Publishing area, having significantly increased its relative importance with respect to total revenue in 2007.

➤ Newspapers and magazines

Revenue from the sale of newspapers and magazines (EUR 210.52 million) increased by 4.8% in 2007.

The average daily **circulation** of **El País** increased in 2007 by 0.7% (435,083 copies in 2007, as compared with an average daily circulation of 432,204 copies in 2006). During the last quarter of the year, the circulation continued the growth trend witnessed since the second quarter of the year, 2007 closing with circulation growth of 8% in December.

In 2007 El País re-launched both in its digital and printed version, with a new design and vocation to be the global daily newspaper in Spanish.

El País continued to amply maintain its position of leadership in terms of circulation, establishing an advantage with respect to its main competitor in 2007 of 100,000 copies (110,000 copies in December).

According to the third wave of the general media audience survey (EGM), El País ratified its solid dominance among the paid general information newspapers, achieving an average of 2,234,000 readers, the best result in its 31-year history and surpassing its main competitor by 59.8%.

The sports newspaper AS increased its average daily circulation by 9.3% to 234,587 copies. In 2007 AS gained market share, consolidated its position of leadership in the Madrid Autonomous Community and stayed ahead of its main rival in Barcelona, with significant growth throughout the rest of Spain. This growth was of particular note in Andalucía, specifically in Seville, where it approached a position of leadership. According to the last wave of the general media audience survey, AS beat its own readership record with 1,170,000 readers, growing by 9.7% with respect to the previous audience survey.

In 2007 Cinco Días increased its average daily circulation by 19.3%. Cinco Días achieved 72,000 readers (+5.9% with respect to the previous general media audience survey), which represented the best readership figure for two years.

Trend in the average daily circulation of the Group's newspapers

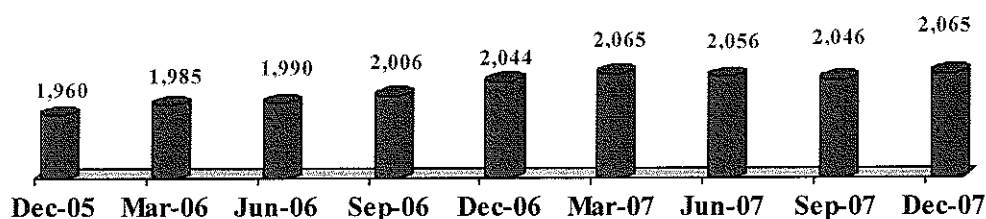
	January- December			% Change 07/06			
	2007	2006	% Change	1Q	2Q	3Q	4Q
El País	435,083	432,204	0.7	(7.2)	2.0	4.4	4.5
AS	234,587	214,654	9.3	8.4	13.4	16.3	(1.3)
Cinco Días	40,552	33,997	19.3	30.7	16.9	14.9	15.5

(*) Data for 2007 audited by the Circulation Audit Office up to June (except the Sunday supplement EPS).

➤ Subscriber revenue

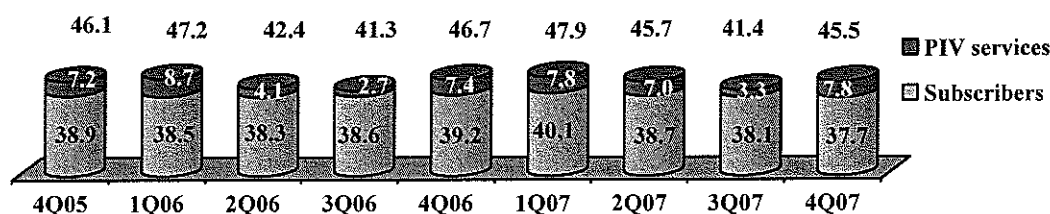
At 31 December 2007, DIGITAL+ had 2,065,000 subscribers, which represented a net increase of 21,000 new subscribers in 2007. The commercial activity of DIGITAL+ aimed at capturing new subscribers gradually returned to the usual levels after the incidences in the exploitation of the television rights to Spanish football that arose during the first three months of the current season. After the favourable court decisions of October, the usual rates of customer captures were achieved once again in November and December, even exceeding the figures for the registration of new subscribers achieved in 2006.

Trend in Digital+ subscribers (thousands of subscribers)



The monthly average revenue per customer (ARPU) in the fourth quarter of 2007 was EUR 45.5.

Trend in Digital+ ARPU (euros)



At 31 December 2007, the churn rate levelled off at 11.9%. At 31 December 2006, the churn rate was 11.5%.

➤ Audiovisual revenue

Audiovisual revenue includes the revenue from the sale of audiovisual rights, the sale and production of programmes, the revenue from the distribution of films and the sale of channels to cable operators by **Sogecable**.

Total revenue in this connection amounted to EUR 313.71 million in 2007 compared to EUR 219.34 million in 2006 (+43.0%).

➤ Add-ons and collections revenue

In 2007 revenue from add-ons amounted to EUR 88.09 million, which represented a decrease of 11.7% with respect to 2006, although bettering the decrease of 18.5% experienced in the first nine months of the year.

Through **Prisa Innova**, the Group continued to manage the add-ons activity in the international area, both in Europe, as in the case of *Le Monde* in France, *Corriere Della Sera* in Italy and *Diario de Noticias* and *Jornal de Noticias* in Portugal, and in Latin America. In 2007 **Prisa Innova** obtained revenue of EUR 9.06 million, as compared with EUR 5.81 million in 2006.

➤ Printing

The increase in revenue obtained from printing was due to the fact that the figures of the Printing area were accounted for using the equity method from 1 January 2007 onwards, whereas previously they were recognised in the Group's consolidated financial statements as assets classified as held for sale.

In 2007 Prisa embarked on an in-depth restructuring prior to the process of divestment in the industry.

➤ Income from fixed assets

The EUR 22.38 million recognised in 2007 include mainly the following capital gains:

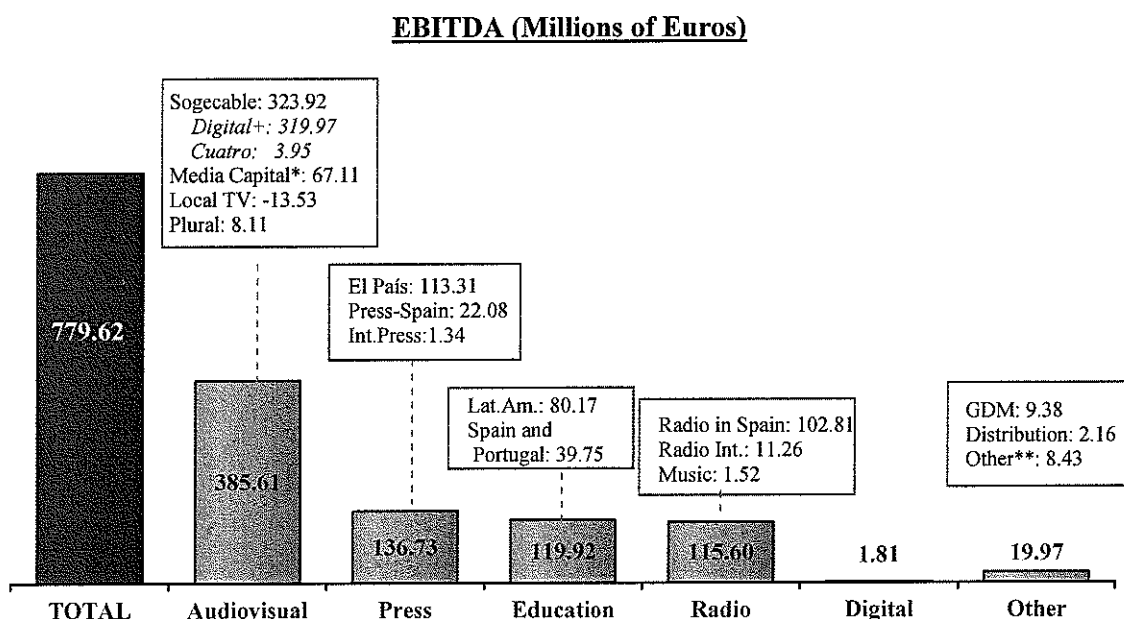
- EUR 16.88 million from the sale of the outdoor advertising business of Media Capital.
- EUR 3.47 million relating to the capital gain arising from the sale of the Regional Press business.

In 2006 EUR 18.45 million were recognised under "Income from Fixed Assets" arising from the capital gain obtained from the sale of 20% of GLR to the Godó Group, and EUR 4.38 million from the sale of land by Prisa División Inmobiliaria and EUR 3.07 million from the sale of Radio Latina, the Group's radio station in Paris.

EBITDA

In 2007 the Group's EBITDA amounted to EUR 779.62 million, as compared with the EUR 531.46 million obtained in 2006 (+46.7%).

The breakdown of EBITDA by business line is as follows:



* Media Capital has been fully consolidated since 1 February 2007. For the purposes of accounting uniformity in the consolidation process, both the amount generated by the Outdoor business up to the disposal thereof and the gain arising thereon are included, data recognised under "Loss from Discontinued Operations" in Media Capital's income statement.

** "Other" includes mainly Real Estate and Corporate activities.

In 2007 the EBITDA margin was 21.1% compared to 18.9% in 2006, due mainly to the full consolidation of Media Capital and the improved margins of Sogecable and the Radio business.

The increase in EBITDA was due to:

- The effect of the **full consolidation of Sogecable**. Sogecable's contribution to Prisa Group EBITDA amounted to EUR 323.92 million, showing an increase of EUR 161.40 million (+99.3%) with respect to 2006.
- The effect of the **full consolidation of Media Capital** since 1 February 2007. Media Capital's contribution to Group EBITDA amounted to EUR 67.11 million.
- The contribution of the **Radio in Spain**, whose EBITDA increased by EUR 17.07 million (+19.9%). This increase was due largely to the positive performance of advertising revenue.
- The performance of the **Education- Publishing** business, whose EBITDA increased by EUR 10.97 million (+10.1%), due mainly to the improved campaign in Spain and increased public sales in Brazil.
- The contribution of **International Radio**, whose EBITDA increased by EUR 4.95 million (+78.5%), due mainly to the improvement in the EBITDA of Radio Caracol in **Colombia**, the consolidation of **Iberoamericana Radio de Chile** since 1 July 2007 and the reduced losses of radio in the **United States**. These positive changes were offset by the result recognised in 2006 on the disposal of Radio Latina in France (EUR 3.07 million).
- The EBITDA of the **Specialised and Regional Press** amounted to EUR 22.08 million, an increase of 12.1%, which was due largely to the effect of the divestment in the regional press, which contributed EUR 3.47 million to EBITDA.
- The EBITDA of **Plural** totalled EUR 8.11 million (+79.3%).
- **Gran Vía Musical** achieved EBITDA of EUR 1.52 million, compared to the EUR 0.97 million in 2006.
- The **Local Television** business reduced its losses at EBITDA level by 9.1%.
- The decrease in the EBITDA of **El País** (-7.9%), was due to the effect of the add-ons.

The Group's **profit from operations (EBIT)** in 2007 amounted to EUR 519.93 million, which compared with the profit of EUR 285.95 million recognised in 2006, represents a year-on-year increase of 81.8%. In 2007 EBIT as a percentage of revenue was 14.1%, as compared with 10.2% in 2006.

The Group had a **net financial loss** of EUR 195.26 million, as compared with the loss of EUR 110.80 million in 2006. The difference was due to the increase in interest rates experienced in 2007, the greater adverse effect of the consolidation of the financial loss of Sogecable (which represented a negative contribution of EUR 25.00 million with respect to

2006) and Media Capital (loss of EUR 9.11 million), and to the increase in the Group's finance costs arising from the increased indebtedness to finance the takeover bid for 20% of the shares of Sogecable launched in 2006 and the takeover bids for Media Capital, in addition to other acquisitions made by the Group in 2007.

The loss of companies accounted for using the equity method and loss from other investments totalled EUR 35.67 million, as compared with the loss of EUR 8.73 million in 2006. The higher losses were due mainly to the fact that the printing business was accounted for using the equity method in 2007 and that this amount includes amounts relating to this business's restructuring plan.

The profit attributable to minority interests amounted to EUR 70.11 million, as compared with EUR 1.42 million in 2006, the change being due mainly to the minority interests of Sogecable, Media Capital and Radio España.

Profit before tax was EUR 289.00 million compared to the EUR 166.42 million reported in 2006, representing an increase of 73.7%.

In 2007 the "Income Tax" includes, *inter alia*, the tax credit relating to the investment made in Media Capital as a result of the outcome of the mandatory takeover bid. The income included under "Income Tax" in 2006 arose from the tax credits for foreign investment, mainly in Portugal and Chile.

Net attributable profit was EUR 191.97 million compared to the EUR 228.91 million reported in 2006, which represents a decrease of 16.1%, due mainly to the increased finance costs and higher income tax expense recognised with respect to 2006.

BALANCE SHEET

ASSETS	€ Millions	
	31/12/07	31/12/06
NON-CURRENT ASSETS	4,832.05	4,174.45
Property, plant and equipment ⁴	423.16	475.88
Investment property	0.09	12.33
Goodwill ⁴	2,420.08	1,547.56
Intangible assets	444.34	400.72
Non-current financial assets	157.17	86.84
Investments in companies accounted for using the equity method	13.25	280.74
Deferred tax assets	1,364.97	1,359.08
Other non-current assets	9.00	11.28
CURRENT ASSETS	1,621.42	1,756.11
Inventories	325.16	270.32
Trade and other receivables	1,215.98	946.08
Current financial assets	7.46	5.16
Cash and cash equivalents	72.83	534.54
ASSETS HELD FOR SALE	72.89	93.97
TOTAL ASSETS	6,526.36	6,024.52

LIABILITIES	€ Millions	
	31/12/07	31/12/06
EQUITY	1,353.55	1,157.23
Share capital	22.04	21.88
Reserves	927.93	744.99
Profit attributable to the Parent	191.97	228.91
Minority interests	211.61	161.46
NON-CURRENT LIABILITIES	3,124.84	2,803.18
Non-current bank borrowings	2,558.37	2,252.00
Exchangeable bonds in issue	158.41	154.67
Deferred tax liabilities ⁴	112.93	116.20
Long-term provisions	67.35	50.91
Other non-current liabilities	227.79	229.39
CURRENT LIABILITIES	2,047.97	1,996.94
Current bank borrowings	536.05	843.41
Trade payables	1,233.14	970.31
Other current liabilities	245.48	157.52
Accrued expenses and deferred income	33.31	25.71
LIABILITIES HELD FOR SALE	0.00	67.17
TOTAL EQUITY AND LIABILITIES	6,526.36	6,024.52

⁴ As a result of the process of allocating the goodwill of Sogecable, for comparison purposes the data for 2006 were modified by increasing "Property, Plant and Equipment" by EUR 21.62 million, decreasing "Goodwill" by EUR 15.14 million and recognising "Deferred Tax Liabilities" of EUR 6.48 million.

The main changes in the various balance sheet items are due to the full consolidation of Media Capital. The assets and liabilities of Media Capital consolidated in the Prisa Group totalled EUR 412.55 million at December 2007.

The most significant change relates to "Goodwill", which was due both to the transfer to this heading of the goodwill arising from the acquisition of the initial 33% of Media Capital in 2005, previously recognised under "Companies Accounted for Using the Equity Method", and the amount relating to the new goodwill arising mainly from the outcome of the voluntary and mandatory takeover bids for all the shares of the company, giving a total ownership interest of Prisa in Media Capital of 94.69%. Also, this heading includes the

goodwill arising from the acquisition of Iberoamericana Radio Chile and from the acquisition of a further 4.15% of Sogecable in 2007.

In 2007 Prisa decided not to classify the 40% of the assets and associated liabilities of Dédalo (Printing) as held for sale since more than one year had elapsed since the aforementioned classification without the sale having been formalised. As a result, the Group began to account for this business using the equity method on 1 January 2007.

Also, in 2007 Prisa resolved to initiate a sale process in relation to three buildings owned by it, having reclassified the carrying amount of these assets under "Assets Classified as Held for Sale".

INVESTMENTS

Investments in non-current assets amounted to EUR 868.22 million in 2007. The detail by business unit is as follows:

€ Millions	CAPEX	Non-Current Financial Assets	TOTAL
Press	15.68	---	15.68
El País	15.07	---	15.07
Specialised Press	0.41	---	0.41
International Press	0.20	---	0.20
Radio	22.25	65.61	87.86
Radio in Spain	17.11	7.80	24.91
International Radio	5.09	57.81	62.90
Music	0.05	---	0.05
Education-Publishing	46.49	---	46.49
Audiovisual	115.58	28.65	144.23
Sogecable	99.10	0.13	99.23
Media Capital	12.41	27.57	39.98
Local TV	1.13	0.95	2.08
Plural	2.95	---	2.95
Digital	4.03	0.01	4.04
Other	8.57	561.35	569.92
Vertex	---	403.42	403.42
Prisa	6.01	152.45	158.47
Distribution	1.04	5.48	6.52
Prisa División Inmobiliaria	0.78	---	0.78
GDM	0.58	---	0.58
Other	0.15	---	0.15
Total	212.60	655.62	868.22

The most significant investments in property, plant and equipment were as follows:

- Vertex: due to the acquisition of an additional 61.69% stake in **Media Capital**, mainly as a result of the voluntary takeover bid (acquisition of 40.70% for EUR 255.95 million) and the mandatory takeover bid (acquisition of 20.68% for EUR 145.23 million).

- Prisa: due mainly to the increase in the ownership interest of 4.15% in **Sogecable**, for EUR 152.30 millions, increasing the percentage of ownership of this company to 47.09%.
- International Radio: due to the acquisition by Unión Radio of all of the shares of **Iberoamericana Radio Chile** (EUR 57.81 million; USD 79.72 million).
- Media Capital: due mainly to the acquisition of a further 40% holding in **CLMC Multimedia** (a company engaging in film, video and other multimedia product distribution) for EUR 3.21 million and the acquisition of the minority interests of the companies belonging to the audiovisual production business (**NBP Group**) for EUR 15.20 million.

NET FINANCIAL POSITION

The Group's net bank borrowings at 31 December 2007 recognised in its consolidated financial statements amounted to EUR 3,014.13 million as compared with EUR 2,555.71 million at 31 December 2006.

NET BANK BORROWINGS	€ Millions	
	31/12/07	31/12/06
Bank borrowings	3,094.42	3,095.41
Non-current	2,558.37	2,252.00
Current	536.05	843.41
Current financial assets, cash and cash equivalents	(80.28)	(539.70)
Net debt	3,014.13	2,555.71

In 2007 the net bank debt increased by EUR 458.42 million with respect to 2006, due mainly to the following:

- The acquisition of an additional investment of 61.69% in Media Capital for EUR 403.09 million.
- The change in Sogecable's net debt in 2007, which reduced the Group's net bank debt position by EUR 125.18 million.
- The full consolidation of Media Capital, which contributed EUR 97.16 million to the Group's net debt.
- The formalisation of the acquisition of Iberoamericana Radio Chile, for EUR 57.81 million.
- The 4.15% increase in the ownership in Sogecable, for EUR 152.30 million.

Prisa's net debt, excluding Sogecable, amounted to EUR 2,157.66 million at the end of 2007, as compared with EUR 1,574.05 million at 31 December 2006.

In December 2007 Prisa arranged a 6-month **bridge loan** from HSBC for a maximum amount of EUR 4,230 million, with interest tied to market rates. The purpose of this financing is to

enable the Group to meet the financial obligations arising from the takeover bid presented to the Spanish National Securities Market Commission (CNMV) on 28 December 2007 for all the share capital of Sogecable. This loan agreement includes both the amount relating to the guarantee presented to the CNMV and a credit facility of EUR 2,050 million to cover, if necessary, the restructuring of the current syndicated loan arranged in June 2007.

In 2007 and 2006 the average interest rate on the Group's bank borrowings was 4.98% and 3.68% respectively.

CASH FLOW STATEMENT

€ Millions	31/12/07	31/12/06
EBIT	519.93	285.95
Depreciation and amortisation charge	231.44	219.73
Change in working capital	33.66	118.67
Capex	(212.60)	(199.09)
Operating cash flow	572.43	425.26
Financial assets and other non-recurrent investments	(655.62)	(1,041.33)
Financial results	(195.26)	(110.80)
Dividends paid	(33.71)	(30.20)
Taxes	(26.92)	64.36
Other	(119.35)	(1,260.10)
CHANGE IN NET DEBT	458.42	1,952.82

The cash flow statement at 31 December 2007 reflects the full consolidation of Media Capital since 1 February 2007. The effect of the inclusion of Media Capital in consolidation was to increase the change in the Group's net debt by EUR 97.16 million.

The cash flow statements at 31 December 2007 and 2006 are only comparable by excluding the effect of inclusion in the scope of consolidation of Media Capital in the first case and by excluding the effect of the inclusion in the scope of consolidation of Sogecable in the second.

STRATEGIC ACQUISITIONS AND AGREEMENTS IN 2007

Media Capital

As a result of the outcome of the **voluntary takeover bid** launched in 2006 for all the share capital of the **Media Capital Group**, subsequent to which Prisa's ownership interest (through Vertex) in the company amounted to 73.70%, in February 2007 Prisa launched a **mandatory takeover bid** for all the company's share capital. Prisa's percentage of ownership (through Vertex) in the Media Capital Group subsequent to the mandatory takeover bid amounted to 94.39%.

In December 2007 Prisa announced that the Portuguese company Grupo Media Capital S.G.P.S. S.A., in which it held a stake of 94.69%, had entered into a purchase and sale agreement with Dali Invest Outdoor, S.A. for all of the shares representing the share capital and voting rights of **Media Capital Outdoors- Publicidade, S.A.**, for a total of EUR 47 million.

Specialised Press

In May 2007 Prisa announced that, through its subsidiary Grupo Empresarial de Medios Impresos, S.L., a preliminary agreement had been entered into with Grupo Alfonso Gallardo, S.L. for the sale to the latter of: i) all the shares of **El Correo de Andalucía, S.L.**, publisher of the "El Correo de Andalucía" newspaper; and ii) the shares representing 59.27% of the share capital of **Diario Jaén, S.A.**, the publisher of "Diario Jaén". The total price of the transaction amounted to EUR 19 million.

In June 2007 Prisa announced that its subsidiary Espacio Editorial Andaluza Holding, S.L., had entered into a memorandum of understanding with the trader José Luis Martínez García, to transfer to the latter, or to a company controlled thereby, of the entire ownership interest of Espacio Editorial Andaluza Holding, S.L., representing 31.89% of the share capital of **Novotécnica, S.A.** (publisher of "La Voz de Almería"), and the other investments of Espacio Editorial Andaluza Holding, S.L. in other investees of Novotécnica, S.A. The total price of the transaction amounted to EUR 10 million.

Radio

In July 2007 Prisa announced that, through Grupo Latino de Radiodifusión Chile Ltda. (GLR Chile), a subsidiary of Unión Radio, the acquisition of all of the shares of **Iberoamericana Radio Chile, S.A. (IARC)** from Claxson Chile, S.A. had been formalised. The transaction had been approved by the Chilean Competition Authorities (TDLC), which imposed certain conditions.

In December 2007 Prisa announced that, together with Grupo Godo de Comunicación, S.A. and its investee Sociedad de Servicios Radiofónicos Unión Radio, S.L., a **memorandum of understanding had been entered into with 3i Europe plc**, a fund management company forming part of the European private equity company 3i Group plc, whereby the latter would acquire an ownership interest of approximately 16.2% in Unión Radio for a total investment of EUR 225 million.

Sogecable

In June 2007 **Sogecable** and **Telefónica** entered into an agreement to jointly provide telecommunications and digital satellite television services, and to cooperate in the purchasing of pay-TV content in the Spanish market.

On 20 December 2007, Prisa announced that an **irrevocable agreement** had been entered into with Eventos, S.A., whereby the latter undertook to sell and transfer to Prisa its 2.94% ownership interest in Sogecable, in the framework of a takeover bid presented by Prisa at a price per ordinary class A share of EUR 27.98. This agreement guarantees that Prisa will own more than half the share capital of Sogecable and that Eventos, S.A. will sell its shares at that price offered. On that same date, the Board of Directors of Prisa resolved to launch a **mandatory takeover bid** for all the shares of Sogecable.

On 28 December 2007, Prisa submitted to the Spanish National Securities Market Commission (CNMV) **an application for authorisation** of the takeover bid for shares of Sogecable together with the duly signed information memorandum and the related supplementary documentation. Also, Prisa informed the CNMV that for technical reasons it had raised the price of the bid to EUR 28 per share.

2. EVENTS AFTER THE BALANCE SHEET DATE

On 14 January 2008, the CNMV announced that it had admitted for consideration the takeover bid launched by Promotora de Informaciones, S.A. for shares of Sogecable, S.A.

3. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS

The activities of the Group, and hence its operations and results, are exposed to risks inherent to its business operations and also to risks arising from external factors, such as the macroeconomic situation, the performance of its markets (advertising, publishing, audiovisual, etc.), regulatory changes, the emergence of new competitors and the performance of its competitors. The activities carried on by the Group's business units abroad, mainly in America, are exposed to additional risks associated with exchange rate fluctuations and with the economic and political situation of the country.

For risk management and monitoring purposes, the Group classifies the main risks to which it is exposed in the following categories:

- a. Strategic risks
- b. Business process risk
- c. Financial management risks
- d. Financial reporting reliability risks
- e. Technological risks

The Corporate Governance Report provides more details on each risk category and on the bodies and specific actions in place to detect, measure, monitor and manage these risks.

4. MAIN FINANCIAL RISKS AND USE OF FINANCIAL INSTRUMENTS

The foreign currency risk assumed by the Group relates mainly to the following transactions:

- Results from activities carried on in non-euro area countries which are tied to the fluctuations in their respective currencies: around 19% of the Group's results (before minority interests and taxes) at 31 December 2007 were generated in America.
- Transactions with foreign suppliers and providers: the growth of the Group's audiovisual business gave rise to an increase in transactions and agreements with foreign suppliers and providers of content (mainly in the United States).
- Financial investments made to acquire ownership interests in foreign companies: these are long-term investments aimed at maintaining stable ownership interests in companies, although such investments are exposed to changes in their net asset value, not only as a result of their activity, but also due to the effect of exchange rate fluctuations.
- Debt denominated in foreign currency: only 1.9% of the Group's total bank financing at 31 December 2007 was denominated in foreign currency.

In order to hedge this risk, the Group arranges financial instruments, mainly forward option contracts, with financial institutions of renowned prestige in the domestic and international markets.

As discussed in Note 13 to the Consolidated Financial Statements, Prisa and Sogecable have arranged syndicated loans amounting to EUR 2,050,000 thousand and EUR 1,200,000 thousand, respectively, at floating interest rates. The Group takes out interest rate risk hedges providing for interest rate caps.

Also, Note 26 to the Consolidated Financial Statements indicates that in December 2007 Prisa entered into a 6-month financing agreement with a bank for a maximum amount of EUR 4,230,000 thousand, tied to market rates. The purpose of this financing is to enable the Group to meet the financial obligations arising from the takeover bid for shares of Sogecable, S.A.

5. TREASURY SHARES

At 31 December 2007, Promotora de Informaciones, S.A. owned 10,940,625 treasury shares, representing 4.96% of its share capital. The total cost of these shares was EUR 39,101 thousand, with a cost per share of EUR 3.57.

The Company plans to use the full amount of the treasury shares it holds to cater for the exchangeable bond issue launched in 2003 through its subsidiary Prisa Finance (Netherlands) B.V.

6. SHARE PERFORMANCE

Prisa shares

Prisa shares closed the year at EUR 12.84, with a market capitalisation of EUR 2,810 million at 31 December 2007. Prisa shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

Number of ordinary shares:	218,812,500
Number of redeemable shares:	1,543,000
Free-float:	30.6%
Treasury shares*:	10,940,625
Earnings per share**:	0.92
Dividend yield***:	1.23%

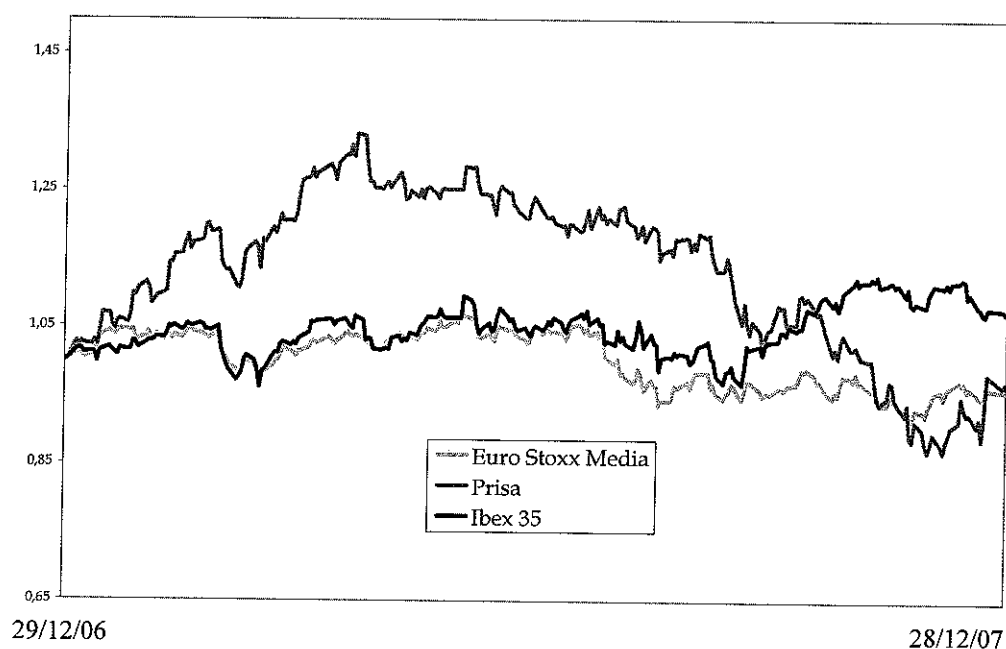
* Treasury shares securing the exchangeable bond issue launched in December 2003.

** Excluding the 10,940,625 treasury shares and the redeemable shares.

*** Calculated on the basis of the average market price for 2007.

Share performance

Following is a comparison of the performance of Prisa shares from 29 December 2006 to 28 December 2007 with the Ibex and Euro Stoxx Media indexes:



Market price 2007

Beginning (29/12/06)	13.21
High	17.60
Low	11.49
Average	14.97
Closing (28/12/07)	12.84

7. 2008 REMUNERATION POLICY

The Board of Directors and the Corporate Governance, Appointments and Remuneration Committee of Promotora de Informaciones, S.A. (PRISA), within the scope of their respective powers, approved the 2008 remuneration policy for Board members and the management team.

This policy addresses the following matters:

7.1. Bylaw-stipulated directors' fees (Article 19 of the bylaws)

- EUR 1,386,000, payable upon approval of the financial statements for 2007.
- Fees for attending Board and Committee meetings, estimated at EUR 1,338,000 for 2008.
- The Board members will also be entitled to the private health insurance taken out by the Company to cover any risks affecting the directors in this connection.

Additionally, Prisa's directors may earn other fees as members of the Board of Directors of other Group companies, in accordance with the respective bylaws.

7.2. Remuneration of the management team for 2008

The management team is made up of executive directors¹ and senior executives². The remuneration of the executive directors was approved by the Board of Directors at the proposal of the Corporate Governance, Appointments and Remuneration Committee and that of the senior executives was approved by the latter.

The remuneration of the members of the management team who discharge executive duties at Sogecable, S.A. and Grupo Media Capital SGPS, S.A., whose remuneration is approved by the respective Boards of Directors of these companies, is not included herein.

- **Fixed salary:** the fixed salary of the management team in 2008 will amount to EUR 7,326 thousand, the detail being as follows:

	Thousands of Euros
	2008 Fixed Salary
Executive directors	2,970
Senior executives	4,356
	7,326

¹ The executive directors of Promotora de Informaciones, S.A. are Ignacio Polanco Moreno, Juan Luis Cebrián Echarri, Francisco Javier Díez de Polanco, Emiliano Martínez Rodríguez, Isabel Polanco Moreno and Manuel Polanco Moreno.

² In accordance with the Unified Code, senior executives include those executives that report directly to Chief Executive Officer (members of the Management Committee and the Business Committee who are not executive directors) and the internal audit director of Promotora de Informaciones, S.A., namely Ignacio Santillana del Barrio, Miguel Satrústegui Gil- Delgado, Jaime de Polanco Soutullo, Augusto Delkader Teig, Jesús Ceberio Galardi, Pedro García Guillén, José Luis Sainz Díaz, Matilde Casado Moreno, José Carlos Herreros Díaz-Berrio, Manuel Mirat Santiago, Miguel Angel Cayuela and Virginia Fernández Iribarnegaray.

- **Short-term variable remuneration:** this consists of a bonus tied to 100% achievement of the management objectives communicated to each member of the management team.

The objectives are of a quantitative nature and relate to the consolidated Group (revenue and EBIT) and, where appropriate, to the business unit in which the member of the management team discharges his/her duties (business unit specific objectives, such as circulation, audience, revenue, EBIT or productivity ratio objectives).

The annual incentive amount is directly related to a performance scale that links the level of objective achievement to the percentage reward applicable to the reference bonus. No bonus is paid if objective achievement is below 60%. Also, the maximum variable remuneration is 130% of the reference bonus amount, which corresponds to an objective achievement of 120%.

The bonus for 2008 will be paid after year-end once the Group's consolidated financial statements have been authorised for issue.

The reference bonus of the management team for 2008 is as follows:

	Thousands of Euros
	2008 Reference Bonus
Executive directors	2,105
Senior executives	2,100
	4,205

- **Share plan:** under the resolution adopted by Prisa's shareholders at the Annual General Meeting held on 22 March 2007, the members of the management team (except for those included in the category referred to in Article 41 of the Personal Income Tax Regulations, approved by Royal Decree 1775/2004, of 30 July) belong to the professional categories which, in accordance with the Remuneration Policy, qualify in 2008, free of charge, with a number of Prisa shares for a maximum value of EUR 12,000 per year, taking as a reference the average closing price of the shares on the Spanish Stock Market Interconnection System during the seven trading days prior to the date of delivery.

Also, at the proposal of the Corporate Governance, Appointments and Remuneration Committee, the Board of Directors has proposed that at the Annual General Meeting called for 13 March 2008, a resolution similar to that indicated in the preceding paragraph be adopted, which would become effective in 2009.

- **In-kind remuneration plan:** the Group has taken out an insurance policy with an insurance company to cover the risks of death or serious accident with an insured sum equal to one year's total remuneration of the beneficiary. The Group also provides private health insurance, under the expense refund system, for members of the management team and their families.
- **Share option plans:** the share option plan approved by the shareholders at the Annual General Meeting on 15 April 2004 was settled and 323,000 of the total of 1,491,000 options outstanding at 31 July 2007 were exercised (starting date of the period for exercising the share options that ended on 31 January 2008), with an exercise price of each option of EUR 13.40. Specifically, the members of the management team have exercised the following options:

	No. of Options Exercised at 31/12/07
Executive directors	55,000
Senior executives	80,000
	135,000

Also, at the proposal of the Corporate Governance, Appointments and Remuneration Committee, the Board of Directors has proposed that at the Annual General Meeting called for 13 March 2008 a new share option plan be approved, which will vest after a period of 12 to 24 months has elapsed from its delivery, with an exercise price for each share option that will be the simple arithmetic mean of the closing price of the company's shares on the Spanish Stock Market Interconnection System during the 90 trading days prior to the Annual General Meeting on 13 March 2008.

7.3. Other aspects relating to the remuneration of the management team

- **Long-term incentive (LTI):** the financial statements for 2007 having been authorised for issue, the long-term incentive related to objectives tied to the achievement of the Group's 2005-2007 Strategic Plan for the period has vested, which affects the 35 executives who are most closely linked to the achievement of those objectives.

On the basis of the degree of achievement of the objectives in the Strategic Plan during this period, the total long-term incentive payable amounts to EUR 9,894 thousand. Of the overall LTI amount, the portion relating to the members of the management team is as follows:

	Thousands of Euros	
	Projected 2005-2007 LTI	Effective 2005-2007 LTI
Executive directors	2,750	2,873
Senior executives	4,500	4,329
	7,250	7,202

The foregoing detail also includes the executive directors who discharge executive duties at Sogecable, S.A. and at Grupo Media Capital, S.G.P.S, S.A.

Also, the Corporate Governance, Appointments and Remuneration Committee is analysing a new LTI tied to the objectives in the 2008-2010 Strategic Plan.

- **Guarantee clause:** the management team includes nine members (two executive directors and seven senior executives) whose contracts include a special clause which provides for a general termination benefit in the event of termination without just cause for an amount ranging from one years' total remuneration to two years' total remuneration (fixed salary + last bonus received) of the member concerned.

7.4. The most significant changes in the remuneration policy compared with that applied in 2007 and a general summary of the application of the remuneration policy in 2007³.

- **General summary of the application of the remuneration policy in 2007:** on the whole the projections included in the 2006 Directors' Report were achieved, with the following differences:

	Thousands of Euros	
	Projected 2007 Fixed Remuneration	Effective 2007 Fixed Remuneration
Executive directors	3,074	2,764
Senior executives	3,554	4,118
	6,628	6,882

³ For the purposes of the comparisons that are made in this section, the remuneration of the executive directors that discharge executive duties at Sogecable, SA. and at Grupo Media Capital S.G.P.S., S.A. are not included, which total EUR 1,726 thousand (salary and bonus included), which are approved by the respective managing bodies of these companies.

	Thousands of Euros	
	2007 Reference Bonus	2007 Effective Bonus
Executive directors	2,027	1,976
Senior executives	1,683	2,073
	3,710	4,049

The differences illustrated are due to the changes in the composition of the management team, due to the death of Jesús de Polanco Gutiérrez in July, which reduced the remuneration of executive directors, and to the inclusion of two new members in the senior executive group, which increased the remuneration of this group.

The 2004 share option plan was settled and the number of options exercised by the management team was lower than the number of options granted:

	<u>Options Granted</u>	<u>Options Exercised</u>
Executive directors	185,000	55,000
Senior executives	250,000	80,000
	435,000	135,000

The long-term incentive was settled, as indicated in point 3 above.

- **Most significant changes in the 2008 remuneration policy with respect to that applied in 2007:**

	<u>Thousands of Euros</u>	
	<u>2007</u>	<u>2008</u>
Bylaw-stipulated directors' emoluments	1,322	1,386
Attendance fees	912	1,338
	2,234	2,724

	<u>Thousands of Euros</u>	
	<u>Effective 2007 Fixed Remuneration</u>	<u>2008 Fixed Remuneration</u>
Executive directors	2,764	2,970
Senior executives	4,118	4,356
	6,882	7,326

	<u>Thousands of Euros</u>	
	<u>Effective 2007 Bonus</u>	<u>2008 Reference Bonus</u>
Executive directors	1,976	2,105
Senior executives	2,073	2,100
	4,049	4,205

The other aspects of the remuneration policy will be similar to those of 2006, taking into account, in relation to the new share option plan and the new LTI, that indicated in points 2 and 3 of this section.

8. ADDITIONAL DISCLOSURES FOR THE PURPOSES OF ARTICLE 116 BIS OF THE SPANISH SECURITIES MARKET LAW

a) The structure of the share capital, including the securities that are not traded on a regulated Community market, indicating, where appropriate, the various classes of shares and, for each class of shares, the rights and obligations that they confer and the percentage of share capital that they represent.

Prisa's share capital amounts to EUR 22,035,550, and is represented by 220,355,500 ordinary shares of EUR 0.10 each.

The 220,355,500 are divided as follows:

- 218,812,500 class A shares, numbered sequentially from 1A to 218,812,500, representing 99.30% of the total share capital; and
- 1,543,000 class B redeemable shares, numbered sequentially from 1B to 1,543,000B, representing 0.70% of the total share capital.

The class B redeemable shares were issued to cater for the share option plan targeted at the Prisa Group's executive directors and senior executives, approved by the shareholders at the Annual General Meeting on 15 April 2004. To this end it was resolved to increase the share capital by EUR 158,050, through the issuance of 1,580,500 redeemable shares of EUR 0.1 par value each. The sole subscriber of the redeemable shares, Banco Santander Central Hispano, S.A., subscribed this capital increase in part, having subscribed 1,543,000 redeemable shares of the 1,580,500 shares issued.

The class B shares are redeemable, in accordance with Articles 92 bis. and 92 ter. of the Consolidated Spanish Companies Law, either at the request of the holders of the redeemable shares or at the request of the Company.

Redemption rights may be exercised, through written notification to the Company, by the holders of the redeemable shares, within the term detailed below: within the month following 31 January 2008, which is the expiry date of the exercise period of the options for the coverage of which the shares were issued. Under the same terms and conditions and with the legal requirements that were necessary, the redeemable shares may also be redeemed by the Company. Upon the conclusion of the aforementioned term, the shares in respect of which the redemption right has not been exercised will become ordinary class A shares, with the concomitant extinction of the class B shares.

Also, through written notification to the Company, the holders of the redeemable shares may waive at any time their redemption right, in which case the shares in question will become ordinary class A shares.

The redemption price will be equal to the issue price, i.e. EUR 13.40, and it will be paid by the Company within the month following the date of receipt of the notification of the exercise of the redemption right, unless the method of repayment required the approval of the General Meeting, in which case it will be paid within the two months following the first General Meeting held after the aforementioned date.

b) Any restriction on the transferability of securities.

There are no restrictions on the transferability of securities.

c) The significant direct or indirect ownership interests in the share capital.

Rucandio, S.A. has a significant indirect ownership interest in Prisa of 140,839,650 shares, representing 63.915% of the subscribed share capital with voting rights.

Rucandio, S.A.'s indirect ownership interest is instrumented, *inter alia*, through the following direct holdings:

- Promotora de Publicaciones, S.L., holder of 97,449,219 shares, representing 44.224% of the subscribed share capital with voting rights.
- Timón, S.A., holder of 40,434,942 shares, representing 18.350% of the subscribed share capital with voting rights.

d) Any restriction on voting rights.

There are no restrictions on voting rights.

e) Shareholder agreements.

Prisa is aware of the existence of two shareholder agreements at Rucandio, S.A. and Promotora de Publicaciones, S.A., by which it is affected:

- *Shareholder agreement at Rucandio, S.A. (23 December 2003)*

Ignacio Polanco Moreno, Isabel Polanco Moreno, Manuel Polanco Moreno, M^a Jesús Polanco Moreno, in addition to their father, deceased, Jesús de Polanco Gutiérrez, and their mother Isabel Moreno Puncel ("the Polanco Family"), entered into a family succession plan, which includes as a schedule a Share Syndication Agreement in relation to the shares of Rucandio, S.A., the object of which is to prevent third parties outside the Polanco Family from gaining an ownership interest in Rucandio, S.A., and which establishes that:

- (i) The syndicated shareholders and directors shall meet prior to the holding of General and Board Meetings to decide upon how the syndicated shareholders will vote, being bound to vote in the same manner in the General Meeting, on the basis of the vote determined by the meeting of the syndicated shareholders;
- (ii) Should express agreement of the syndicate not be obtained on any of the proposals presented at the General Meeting, it shall be considered that sufficient agreement does not exist in the syndicate and, in consequence, each syndicated shareholder may cast his or her vote freely;
- (iii) The members of the syndicate are obliged to attend the meetings of the shareholders in person, or to delegate their voting rights to the person agreed upon by the syndicate, unless expressly agreed otherwise by the syndicate, and to vote in accordance with the instructions agreed upon by the syndicate, and not exercise on an individual basis any right as a shareholder unless

previously debated and agreed upon at the syndicated shareholder meeting;
and

- (iv) The members of the syndicate undertake not to transfer or dispose of, in any way, the shares of Rucandio, S.A until ten years have elapsed from the death of Jesús de Polanco Gutiérrez, the consensus of all the shareholders being required, in all cases, for any type of transfer to a third party. Any exception to the aforementioned term requires the unanimous agreement of all the shareholders. This limitation is also established in the specific case of the shares of Promotora de Informaciones, S.A. which are directly or indirectly held by Rucandio, S.A.

- *Shareholder agreement at Promotora de Publicaciones, S.L. (21 May 1992)*

Timón, S.A. and certain shareholders entered into a shareholders agreement to govern the contribution of shares of the aforementioned company to Promotora de Publicaciones, S.L. and the regime governing its ownership interest therein. Basically, the ties established in the agreement are as follows:

- (i) Each majority shareholder shall have, as a minimum, one representative on Prisa's Board of Directors and, as far as possible, the managing body of Promotora de Publicaciones, S.A. shall have the same composition as that of Prisa;
- (ii) The use of the voting rights of the shares of Promotora de Publicaciones, S.L. in the General Meetings of Prisa shall be that determined previously by the majority shareholders and the shareholders of Promotora de Publicaciones, S.L. who are members of the Board of Directors of Prisa shall vote in the same way following the instructions of the majority shareholders; and
- (iii) Should Timón, S.A. sell its holding in Promotora de Publicaciones, S.L., the other majority shareholders shall have the right to sell their ownership interests in Promotora de Publicaciones, S.L. under the same terms and conditions and to the same buyers.

f) The rules applicable to the appointment and replacement of the members of the managing body and to the amendment of the Company's bylaws.

The members of the managing body are designated by the shareholders at the General Meeting or, provisionally, by the Board of Directors in conformity with the provisions laid down in the Spanish Companies Law and the Company bylaws.

The proposals in relation to the appointment of directors are preceded by a mandatory report from the Corporate Governance, Appointments and Remuneration Committee, which will not be binding. In the case of independent directors, appointments shall be proposed by the Corporate Governance, Appointments and Remuneration Committee.

The Board of Directors and the Corporate Governance, Appointments and Remuneration Committee shall ensure, within the scope of their respective powers, that persons of acknowledged competence and experience are elected as non-executive directors.

The directors' term of appointment is five years and they may be re-elected. The proposals for re-election of directors shall be subject to a formal preparation process, which will necessarily include a report issued by the Corporate Governance, Appointments and

Remuneration Committee assessing the performance and dedication to office of the directors proposed during the previous mandate.

The directors shall tender their resignation to the Board of Directors, should the latter deem it appropriate, (i) when they are involved in any of the situations of incompatibility or legal prohibition established in law; (ii) when as a result of wilful misconduct a firm order to prosecute in felony-type proceedings has been handed down for serious offences or conviction in a fast-track court procedure; (iii) when they have been seriously reprimanded by the Board of Directors for having infringed their duties as directors; (iv) when the reasons why they were appointed cease to exist and, in particular, when an independent director or a nominee director loses his or her respective condition as such, and (v) when, in the course of one year, they cease to attend more than three Board Meetings without just cause.

g) The powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares.

Ignacio Polanco Moreno and Juan Luis Cebrián Echarri have been delegated, jointly and severally, with all the powers conferred on the Board of Directors by the Company bylaws, except for those not delegable in law.

Also, Javier Díez de Polanco has been conferred powers of attorney for the exercise of certain powers.

The powers for the development and execution of programmes for issuing and repurchasing shares are conferred on the Board of Directors, within the framework of the plans for the issuance and repurchase of shares agreed upon by the shareholders at the Annual General Meeting, of which the following are currently in force:

- Resolution to increase share capital with the disapplication of pre-emption rights, adopted by the shareholders at the Annual General Meeting on 17 March 2005, in force until March 2010.
- Resolution to issue convertible debentures and/or debentures exchangeable for shares of Prisa, without the disapplication of pre-emption rights, adopted by the shareholders at the Annual General Meeting on 17 March 2005, in force until March 2010.
- Resolution on derivative acquisition of Prisa shares, adopted by the shareholders at the Annual General Meeting on 22 March 2007, in force until 22 September 2008.

h) The significant agreements that have been entered into by the Company and which come into force, are modified or which are terminated in the event of a change in control of the Company as a result of a takeover bid, and the effects thereof, except when the disclosure thereof is seriously detrimental to the Company. The aforementioned exception will not apply when the Company is legally obliged to disclose this information.

- Issuance of bonds exchangeable for ordinary shares of Prisa, carried out by Prisa Finance (Netherlands) B.V. (December 2003).
 - The trustee of the exchangeable bond issue may declare the immediate maturity and settlement of the exchangeable bond issue, together with the related accrued interest.

- Prisa share option plan (July 2004).
 - Participants in the Plan may exercise their options early within the 30 days following the publication of the outcome of a takeover bid for the shares of Prisa.
- Shareholders agreement entered into by Prisa and Grupo Godó de Comunicación, S.A. (June 2006).
 - The Godó de Comunicación Group has a put option on its entire ownership interest in Unión Radio, exercisable during the following three months.
- Syndicated financing agreements entered into by Prisa, HSBC Plc. Sucursal en España (agent of the syndicated financing) and other banks (May 2006, and substitution by novation in June 2007).
 - The financing agreements include causes for early repayment, which include the change of control at Prisa, which would give entitlement to demand early repayment and cancel the credit lines or a portion thereof, subject to the usual rules governing financing of this nature.
- Financing agreements entered into by Prisa, HSBC Plc. Sucursal en España (December 2007).
 - The financing agreements include causes for early repayment, which include the change of control at Prisa, which would give entitlement to demand early repayment and cancel the credit lines or a portion thereof, subject to the usual rules governing financing of this nature.

i) The agreements between the Company and its directors and executives or employees who are entitled to termination benefits when they retire or are improperly dismissed or if the employment relationship ends due to a takeover bid.

The management team includes nine members (two executive directors and seven senior executives) whose contracts include a special clause which provides for a general termination benefit in the event of termination without just cause for an amount ranging from one years' total remuneration to two years' total remuneration (fixed salary + last bonus received) of the member concerned.

Prisa's shareholders at the Annual General Meeting were informed of these agreements.

9. OUTLOOK

The media industry is sensitive to trends in the main macroeconomic variables and, in particular, to the advertising cycle. However, the Prisa Group's exposure to the performance of the advertising market is limited, due to the diversification of its revenue sources, with advertising revenue representing only 30% of total revenue in 2007, and to the leadership of its brands. Also, Prisa has solid businesses that are not affected by the economic cycle, such as educational publishing, which in 2007 accounted for 15% of the Group's total revenue. In addition, revenue from the international area in 2007 accounted for 20% of the Group's total revenue. Therefore, despite the publicly announced expectations of a possible cooling of the Spanish economy, the Group expects the various business units through which it operates to perform positively.