

Gestevisión Telecinco, S.A.
and
Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2007 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Directors' Report

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 24). In the event of a discrepancy, the Spanish-language version prevails.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006 (Amounts in thousands of euros)

ASSETS	<u>2007</u>	<u>2006</u>
NON-CURRENT ASSETS		
Property, plant and equipment (Note 5)	55,065	54,028
Intangible assets (Note 6)	5,489	4,698
Audiovisual property rights (Note 7)	186,118	201,782
Non-current financial assets (Note 8)	472,249	16,222
Deferred tax assets (Note 16.6)	19,555	17,954
Total non-current assets	<u>738,476</u>	<u>294,684</u>
CURRENT ASSETS		
Inventories	3,461	1,868
Accounts receivable	256,413	225,453
Trade receivables for sales and services	257,586	230,693
Trade receivables from related parties (Note 22.1)	2,088	2,591
Sundry receivables	11	15
Employee receivables	267	285
Receivable from public authorities (Note 16.3)	10,170	6,298
Allowances	(13,709)	(14,429)
Other current assets	9,265	10,363
Current financial assets (Note 10)	7,000	20,233
Cash and cash equivalents (Note 11)	67,843	378,951
Total current assets	<u>343,982</u>	<u>636,868</u>
TOTAL ASSETS	<u>1,082,458</u>	<u>931,552</u>

The accompanying Notes 1 to 24 are an integral part of the consolidated balance sheet at 31 December 2007.

Madrid, 27 February 2008

Alejandro Echevarría Busquet	Giuseppe Tringali	Paolo Vasile	Giuliano Adreani	José Ramón Álvarez Rendueles
José M ^a Bergareche Busquet	Pier Silvio Berlusconi	Fedele Confalonieri	Ángel Duráñez Adeva	Marco Giordani
Miguel Iraburu Elizondo	Alfredo Messina	Borja de Prado Eulate		

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2007 AND 2006 (Amounts in thousands of euros)

EQUITY AND LIABILITIES	2007	2006
EQUITY (Note 12)		
Share capital	123,321	123,321
Share premium	46,126	42,382
Other reserves	140,001	144,337
Treasury shares	(56,469)	(25,838)
Profit for the year attributable to the Parent	353,058	314,249
Total equity of the Parent	606,037	598,451
Minority interests	56,449	524
Total equity	662,486	598,975
NON-CURRENT LIABILITIES		
Long-term provisions (Note 13)	90,091	79,071
Non-current liabilities (Note 14)	61,275	3,389
Total non-current liabilities	151,366	82,460
CURRENT LIABILITIES		
Payable to related parties (Note 22.1)	46,225	22,689
Accounts payable for purchases and services	86,375	91,578
Accounts payable for audiovisual rights	23,511	24,105
Other non-trade payables	67,481	65,225
Government grants and other loans	1,100	1,065
Payable to public authorities (Note 16.3)	43,843	45,421
Payable for non-current asset acquisitions	7,116	6,661
Remuneration payable	15,010	11,665
Other borrowings	412	413
Short-term provisions (Note 15)	44,012	40,572
Other current liabilities	1,002	5,948
Total current liabilities	268,606	250,117
TOTAL EQUITY AND LIABILITIES	1,082,458	931,552

The accompanying Notes 1 to 24 are an integral part of the consolidated balance sheet at 31 December 2007.

Madrid, 27 February 2008

Alejandro Echevarría
Busquet

Giuseppe Tringali

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Giuliano Adreani

José Ramón Álvarez
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José M^º Bergareche Busquet

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts in thousands of euros)

	<u>2007</u>	<u>2006</u>
INCOME		
Revenue (Note 20.1)	1,055,574	979,009
Sales	1,065,919	979,199
Discounts and volume rebates	(45,692)	(42,611)
Revenue from the rendering of services	35,347	42,421
Other operating income	26,072	18,539
Total operating income	<u>1,081,646</u>	<u>997,548</u>
EXPENSES		
Decrease in inventories of finished goods and work in progress	(1,511)	(97)
Procurements	141,933	140,209
Staff costs (Note 20.2)	84,853	79,478
Amortisation of audiovisual property rights	188,084	163,715
Depreciation and amortisation charge	4,698	5,869
Change in operating provisions (Note 20.3)	689	(168)
Other expenses	177,646	168,971
Total operating expenses	<u>596,392</u>	<u>557,977</u>
Profit from operations	<u>485,254</u>	<u>439,571</u>
Net finance income (Note 20.5)	5,435	9,916
Exchange differences (Note 20.6)	(103)	116
Result of companies accounted for using the equity method, net	(3,070)	973
Gains (Losses) on disposal of non-current assets	(73)	-
Profit before tax	<u>487,443</u>	<u>450,576</u>
Income tax (Note 16.4)	137,421	136,224
Profit for the year	<u>350,022</u>	<u>314,352</u>
Attributable to:		
Shareholders of the Parent	353,058	314,249
Minority interests	(3,036)	103
Earnings per share (Note 21.1)	1.45	1.28
Diluted earnings per share (Note 21.2)	1.44	1.28

The accompanying Notes 1 to 24 are an integral part of the consolidated income statement for the year ended 31 December 2007.

Madrid, 27 February 2008

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006 (Amounts in thousands of euros)

	Share Capital	Legal Reserve	Share Premium	Treasury Shares	Other Reserves	Profit for the Year	Dividends	Minority Interests	Total
Balance at 31/12/05	123,321	24,664	39,317	(26,547)	119,638	290,331	0	421	571,145
Distribution of profit	-	-	-	-	19	(290,331)	290,312	-	0
Dividend	-	-	-	-	-	-	(290,312)	-	(290,312)
Treasury shares	-	-	3,065	709	-	-	-	-	3,774
Profit for the year	-	-	-	-	-	314,249	-	-	314,249
Other changes	-	-	-	-	16	-	-	-	16
Minority interests	-	-	-	-	-	-	-	103	103
Balance at 31/12/06	123,321	24,664	42,382	(25,838)	119,673	314,249	0	524	598,975
Distribution of profit	-	-	-	-	-	(314,249)	314,249	-	0
Dividend	-	-	-	-	-	-	(314,249)	-	(314,249)
Treasury shares	-	-	3,744	(30,631)	-	-	-	-	(26,887)
Profit for the year	-	-	-	-	-	353,058	-	-	353,058
Other changes	-	-	-	-	(4,336)	-	-	-	(4,336)
Minority interests	-	-	-	-	-	-	-	55,925	55,925
Balance at 31/12/07	123,321	24,664	46,126	(56,469)	115,337	353,058	0	56,449	662,486

The accompanying Notes 1 to 24 are an integral part of this consolidated statement at 31 December 2007.

Madrid, 27 February 2008

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 24). In the event of a discrepancy, the Spanish-language version prevails.

Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006 (Amounts in thousands of euros)

Alejandro Echevarría Busquet	Giuseppe Tringali	Paolo Vasile	Giuliano Adreani	José Ramón Álvarez Rendueles	José M ^a Bergareche Busquet	Pier Silvio Berlusconi
Fedele Confalonieri	Ángel Durández Adeva	Marco Giordani	Miguel Iraburu Elizondo	Alfredo Messina	Borja de Prado Eulate	

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Gestevisión Telecinco, S.A. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Amounts in thousands of euros)

	<u>31/12/07</u>	<u>31/12/06</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net profit before tax	<u>487,444</u>	<u>450,576</u>
<i>Adjustments for:</i>		
Amortisation of audiovisual property rights	188,084	163,713
Depreciation and amortisation charge	4,698	5,869
Result of companies accounted for using the equity method	3,070	(973)
Change in provisions for contingencies and charges	11,020	7,825
Proceeds from disposal of property, plant and equipment	73	
Profit (Loss) attributable to minority interests	3,035	(103)
Net finance income	(5,436)	(9,917)
Net exchange differences	103	(116)
Profit from operations before changes in working capital	<u>692,091</u>	<u>616,874</u>
<i>Change in operating assets and liabilities net of the impact of acquisition of new investments</i>		
Inventories	(1,593)	79
Accounts receivable	(27,110)	(28,932)
Acquisition of audiovisual property rights	(172,420)	(132,340)
Other current assets	10,482	5,710
Accounts payable	17,740	(5,125)
Other current liabilities	(2,691)	6,205
Change in provisions	3,440	2,859
Cash flows from operating activities	<u>519,939</u>	<u>465,330</u>
Taxes paid at source	(138,932)	(134,291)
Net cash flows from operating activities	<u>381,007</u>	<u>331,039</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investments in property, plant and equipment	(8,804)	(8,017)
Investments in intangible assets	(2,726)	(1,908)
Investments in non-current financial assets	4,175	(340)
Disposals of non-current assets	(366)	57
Disposals of non-current financial assets	1,511	1,947
Investments in subsidiaries	(465,996)	(12,191)
Dividends received	1,213	1,151
Interest received	9,817	11,733
Net cash flows from investing activities	<u>(461,176)</u>	<u>(7,570)</u>
<u>CASH FLOWS USED IN FINANCING ACTIVITIES</u>		
Long-term financing	57,886	(1,372)
Interest paid	(537)	(531)
Dividends paid	(314,249)	(290,312)
Shareholders' contribution	56,449	
Acquisition of treasury shares	(30,825)	(3,273)
Gain on disposal of shares	40	631
Disposal of treasury shares	194	3,981
Net cash flows used in financing activities	<u>(231,042)</u>	<u>(290,876)</u>
Effect of foreign exchange rate changes	103	(116)
Net change in cash and cash equivalents	<u>(31,108)</u>	<u>32,478</u>
Cash and cash equivalents at beginning of year	<u>378,951</u>	<u>346,473</u>
Cash and cash equivalents at end of year	<u>67,843</u>	<u>378,951</u>

The accompanying Notes 1 to 24 are an integral part of this consolidated statement at 31 December 2007.

Madrid, 27 February 2008

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 24). In the event of a discrepancy, the Spanish-language version prevails.

Gestevisión Telecinco, S.A. and Subsidiaries

**CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2007
AND 2006
(Amounts in thousands of euros)**

Alejandro Echevarría Busquet	Giuseppe Tringali	Paolo Vasile	Giuliano Adreani	José Ramón Álvarez Rendueles
José M ^a Bergareche Busquet	Pier Silvio Berlusconi	Fedele Confalonieri	Ángel Durández Adeva	Marco Giordani
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Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

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

GESTEVISIÓN TELECINCO, S.A. - PARENT

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

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

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

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

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

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

The Company is head of a Group of subsidiaries making up the Telecinco Group (“the Group”). Consequently, Gestevisión Telecinco, S.A. is required to prepare, in addition to its individual financial statements, consolidated financial statements for the Group, which also include its investments in associates.

Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

The consolidated Group companies are as follows:

Fully consolidated companies

	Country	2007	2006
Grupo Editorial Tele 5, S.A.U.	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.	Spain	100%	100%
Telecinco Cinema, S.A.U.	Spain	100%	100%
Publiespaña, S.A.U.	Spain	100%	100%
Cinematext Media, S.A.	Spain	60%	60%
Conecta 5 Telecinco, S.A.U. (*)	Spain	100%	50%
Mediacinco Cartera, S.L.	Spain	75%	-
Atlas Media, S.A.U. (1)	Spain	100%	100%
Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. (1)	Spain	100%	100%
MiCartera Media, S.A.U. (1)	Spain	100%	100%
Publimedia Gestión, S.A.U. (2)	Spain	100%	100%
Advanced Media, S.A.U. (2)	Spain	100%	100%
Cinematext Media Italia, S.R.L. (3)	Italy	60%	60%
Red de Televisión Digital Madrid, S.A.U. (1)	Spain	-	100%

Companies accounted for using the equity method

	Country	2007	2006
Premiere Megaplex, S.A.	Spain	50%	50%
Canal Factoría de Ficción, S.A.	Spain	40%	40%
Edam Acquisition Holding I Cooperative U.A. (4)	Netherlands	33%	-
Aprok Imagen, S.L. (1)	Spain	40%	40%
Producciones Mandarina, S.L. (1)	Spain	30%	30%
La Fábrica de la Tele, S.L. (1)	Spain	30%	30%
Red de Televisión Digital Valencia, S.A. (1)	Spain	-	50%
Publieci Televisión, S.A. (2)	Spain	50%	50%

(*) Formerly Europortal Jumpy España, S.A., which in 2006 was classified as an associate.

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

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

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

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

Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

SUBSIDIARIES

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

1. Fully consolidated companies (wholly-owned by Gestevisión Telecinco S.A.)

Grupo Editorial Tele 5, S.A.U.

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

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

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

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

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

Telecinco Cinema, S.A.U.

Digitel 5, S.A.U. was incorporated in Madrid on 23 September 1996. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

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

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

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

The company object includes mainly, although not exclusively, the provision of television broadcasting services through digital technology, research, development and

Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

commercialisation of new technologies related to telecommunications; any activity that might be required for television broadcasting, intermediation in the markets for audiovisual rights; organisation, production and broadcasting of shows or events of any kind.

Publiespaña, S.A.U.

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

The company's objects are as follows:

- The performance and execution of advertising projects and all manner of work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.
- The performance of activities relating directly or indirectly to marketing, merchandising, telesales and any other commercial activity.
- The organisation and production of cultural, sports, musical or any other events and the acquisition and exploitation, by any means, of all manner of rights relating thereto.
- The provision of advisory analysis and management services, using any procedure relating to the aforementioned activities.
- These activities may be performed fully or partially indirectly by the company, through equity investments in other companies with a similar object.

Cinematext Media, S.A. (60% owned)

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

The company's object is to provide subtitling services for the film, video and television industries.

Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

Conecta 5 Telecinco, S.A.U.

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

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

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

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

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

Its company objects are:

- a) The investment through acquisition, subscription, assumption, disbursement, ownership, transfer, disposal, contribution and charging of Marketable Securities, including shares and other equity investments in companies and joint property entities, company subscription rights, exchangeable and non-exchangeable debentures, commercial bonds, "rights" bonds, fixed-income and equity securities, irrespective of whether or not they are on the official stock exchanges and government debt securities, including treasury bills and promissory notes, bills of exchange and certificates of deposit, all in accordance with the applicable legislation.
- b) The provision of accounting, financial, tax, civil law, corporate law, labour law and administrative law administration, management and advisory services to other companies in which it has direct or indirect ownership interests.

2. Fully consolidated companies (wholly-owned through Agencia de Televisión Latino-Americana de Servicios de Noticias España, S.A.U.)

Atlas Media, S.A.U.

Agencia de Televisión Latino-Americana de Servicios y Noticias Cataluña, S.A.U. was incorporated on 22 December 1997. Its registered office is in Sant Just Desvern, at C/Bullidor s/n.

On 28 May 2004, the company's sole shareholder, Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U., resolved to change the company's corporate name to Atlas Media, S.A.U.

Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

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

Agencia de Televisión Latino-Americana de Servicios y Noticias País Vasco, S.A.U. was incorporated in Bilbao on 16 July 1998. Its registered office is in Bilbao, at Ribera de Elorrieta, pab. 7-9, Vizcaya.

The object of both this and the preceding company is to act as a news agency and, accordingly, they carry on journalistic activities for any public communication media, the written press, radio, television and audiovisual media in general.

Mi Cartera Media, S.A.U.

Mi Cartera Media, S.A.U. was incorporated in Madrid on 15 February 2001. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

This company's object is the multimedia exploitation of economic and financial formats and content.

3. Fully-consolidated companies (wholly-owned through Publiespaña, S.A.U.)

Publimedia Gestión, S.A.U.

Publimedia Gestión, S.A.U. was incorporated in Madrid on 23 November 1999. The company's registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objects are as follows:

- The creation, acquisition, production, co-production, editing, filming or recording, reproduction, broadcasting, dissemination, distribution, marketing and, in short, operation by any means of all manner of audiovisual, written or electronic works or recordings, together with the rights relating thereto.
- The performance and creation of advertising projects and work relating to the commissioning, intermediation and dissemination of advertising messages in all possible forms, by means of any manner of broadcasting or communications media.
- The direct or indirect creation, acquisition, marketing and exploitation, by any means, of brands, patents and any other type of intellectual property or rights of publicity, and of any objects, models or methods that are capable of being used as a support for the exploitation of the above-mentioned rights.
- The performance of activities relating directly or indirectly to marketing, merchandising or any other commercial activity.
- The organisation and production of cultural, sports, musical or any other event and the acquisition and exploitation, by any means, of all manner of rights relating thereto.

Gestevisión Telecinco, S.A. and Subsidiaries

Notes to the Consolidated Financial Statements for the year ended 31 December 2007
(Amounts in thousands of euros)

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

Advanced Media, S.A.U.

Advanced Media, S.A.U. was incorporated in Madrid on 7 October 1999. Its registered office is in Madrid, at Carretera de Fuencarral a Alcobendas, nº 4.

The company's objects are as follows:

- The publishing, production and publication in any format of books, newspapers, magazines and printed matter of all kinds.
- The performance and execution of advertising projects and all work relating to the commissioning, intermediation and dissemination of advertising messages in all possible formats.
- The performance of activities relating to marketing, merchandising and any other commercial activity.
- The production of audiovisual programmes and intermediation in the markets for intellectual property rights of all types.

This company resumed operations on 1 November 2007 having been inactive since 1 January 2004.

4. Fully-consolidated company (60% owned through Cinematext Media, S.A.)

Cinematext Media Italia, S.r.L.

This company was formed on 10 February 2005. Its registered office is at Via Marconi, nº 27, 20090 Segrate, Milan.

Its object is the dubbing and subtitling of audiovisual works and recordings.

The balance sheet date of all these companies is 31 December 2007.

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

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ASSOCIATES OF GESTEVISIÓN TELECINCO, S.A.

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

1. Direct ownership through Gestevisión Telecinco, S.A.

Company	Ownership interest	Line of business
Premiere Megaplex, S.A. C/ Enrique Jardiel Poncela, 4 28016 Madrid	50%	Operation of cinemas
Canal Factoría de Ficción, S.A. Crta. de Fuencarral a Alcobendas km 12.450 28049 Madrid	40%	Production, distribution and sale of audiovisual rights in any technical medium

In September 2007 the shareholders at the Universal General Meeting resolved to approve the dissolution of Canal Factoría de Ficción, S.A. and initiated the related liquidation period.

2. Indirect ownership through Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.

Company	Ownership interest	Line of business
Aprok Imagen S.L. C/ Martínez Corrochano, 3 28007 Madrid	40%	News agency
Producciones Mandarina, S.L. C/ María Tubau, 3 28050 Madrid	30%	Creation, development, production and commercial exploitation of audiovisual content
La Fábrica de la Tele, S.L. C/ Ángel Gavinet, 18 28007 Madrid	30%	Creation, development, production and commercial exploitation of audiovisual content

At the Extraordinary General Meeting held in May 2007, it was resolved to change the corporate name of Hormigas Blancas, S.L. to La Fábrica de la Tele, S.L.

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

Company	Ownership interest	Line of business
Publieci Televisión, S.A. C/ Hermosilla, 112 28009 Madrid	50%	Sale of products and services targeted at the end consumer

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

Company	Ownership Interest	Line of business
Edam Acquisition Holding I Cooperative U.A. Flevolaan 41 a 1411 KC Naarden Amsterdam	33%	Channelling of the investment of the consortium formed by Goldman Sachs Capital Partners, Cyrte Fund II B.V. and Mediacinco Cartera S.L. in Endemol N.V., a company engaging in the creation, production and exploitation of content for television and other audiovisual platforms.

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

None of these companies is publicly listed.

2. Basis of presentation and comparability of the consolidated financial statements

2.1. Fair presentation and conformity with International Financial Reporting Standards

The Group's consolidated financial statements for 2007 were formally prepared:

- By the directors, at the Board of Directors Meeting held on 27 February 2008.
- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council.
- Taking into account all the mandatory accounting policies and rules and measurement bases with a material effect on the consolidated financial statements, as well as the alternative treatments permitted by the relevant standards in this connection, which are specified in these Notes to the consolidated financial statements.
- So that they present fairly the Group's consolidated equity and financial position at 31 December 2007 and the results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended.

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- On the basis of the accounting records kept by the Company and by the other Group companies.

However, since the accounting policies and measurement bases used in preparing the Group's consolidated financial statements for 2007 (IFRSs) are not exactly the same as those used by the Group companies (local standards), the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and to make them compliant with the International Financial Reporting Standards adopted by the European Union.

The 2007 consolidated financial statements of the Group and the 2007 financial statements of the Group companies have not yet been approved by their shareholders at the respective Annual General Meetings.

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

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

The Group applied IFRS 7, Financial Instruments: Disclosure, and the revised version of IAS 1, Presentation, in its consolidated financial statements for the first time in the year ended 31 December 2007.

2.2. Responsibility for the information and use of estimates

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

In preparing the Group's consolidated financial statements for 2007, certain estimates and assumptions were made on the basis of the best information available at 31 December 2007 on the events analysed. However, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated income statements.

2.3. Comparative information

As required by IAS 1, the information relating to 2007 contained in these notes to the consolidated financial statements is presented, for comparison purposes, with similar information relating to 2006.

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3. Proposed distribution of the profit of the Parent

The distribution of the Parent's net profit for 2007 that its Board of Directors will propose for approval by the shareholders at the Annual General Meeting is as follows:

Dis tributable profit	2007	2006
Profit for the year	<u>319,331</u>	<u>318,710</u>
Dis tribution		
To voluntary reserve	1,769	4,461
Dividends	<u>317,562</u>	<u>314,249</u>
Total	<u>319,331</u>	<u>318,710</u>

4. Accounting policies

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

4.1. Basis of consolidation

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

All the Group companies have the same individual balance sheet date and apply accounting policies on a uniform basis.

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

4.2. Foreign currency transactions

Foreign currency transactions are translated to euros by applying the exchange rates prevailing at the date of the transaction. Losses and gains resulting from the settlement of foreign currency transactions and from the measurement of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognised in the consolidated income statement.

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4.3. Related parties

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

4.4. Current/Non-current classification

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

Audiovisual rights are classified in full as non-current assets. Note 7 details the rights that the Group expects to amortise within a period of less than 12 months.

4.5. Property, plant and equipment

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

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

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

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

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

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4.6. Intangible assets

- Development expenditure

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

- Trademarks and trade names

These are the intellectual property relating to the licences to use the following trademarks:

- Tele 5, granted for a period of ten years and amortised on a straight-line basis over the ten-year period following the grant date.
- Publiespaña, amortised on a straight-line basis over ten years.
- Atlas, amortised on a straight-line basis over ten years.

- Computer software

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

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

4.7. Audiovisual property rights

4.7.1. Outside production rights

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

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

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

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inclusion of the rights under the contract on the earlier of the date on which the first right is accepted for broadcasting and the date the rights commence.

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

1. Films and TV movies (non-series)
 - 1.1. Contractual rights for two screenings:

First screening: 50% of acquisition cost.
Second screening: 50% of acquisition cost.
 - 1.2. Contractual rights for three or more screenings:

First screening: 50% of acquisition cost.
Second screening: 30% of acquisition cost.
Third screening: 20% of acquisition cost.
2. Other products (series)
 - 2.1. Contractual rights for two or more screenings:

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

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

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.10.

4.7.2. Series in-house production rights

These include productions owned by the Group, which may subsequently sell them.

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

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

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

- Series of less than 60 minutes and/or broadcast daily.
First screening: 100% of the amortisable value.
- Series of more than 60 minutes and/or broadcasted weekly.
First screening: 90% of the amortisable value.
Second screening: 10% of the amortisable value.

These rights are subject to valuation adjustments, where necessary, as detailed in Note 4.9.

4.7.3. Distribution rights

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

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

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

In the free-to-air window, the amortisation of the rights is recognised in the income statement under “Amortisation of Audiovisual Property Rights” in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.4. Co-production rights

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

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The cost of the right is that stipulated in the contract. Amortisation of co-production rights is recognised on the basis of the revenue generated in each window in which the right is exploited and of an estimate of future revenue from each window.

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

In the free-to-air window, the amortisation of the rights is recognised in the income statement under "Amortisation of Audiovisual Property Rights" in the same way as in the case of audiovisual property rights, as detailed in the related note to these consolidated financial statements.

4.7.5. Master copies and dubbing

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

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

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

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

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

The value of these investments in the consolidated balance sheet includes, where applicable, the goodwill arising on the acquisition thereof.

The results of the investee are recognised in profit or loss in proportion to the Group's percentage of ownership.

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

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

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4.9. Financial assets

Financial assets are initially recognised at fair value, including, in general, transaction costs.

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

- Held-to-maturity investments: financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold from the date of purchase to the date of maturity. They do not include loans and accounts receivable originated by the company.
- Originated loans and receivables: financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor.
- Available-for-sale financial assets: these include securities acquired that are not held for trading purposes and are not classified in any of the preceding categories. These assets are classified as at fair value through profit or loss, unless fair value cannot be determined reliably, in which case they are measured at cost.

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

The Group does not have any held-for-trading financial assets.

4.10. Impairment of non-current assets

The Group regularly reviews the carrying amounts of its non-current assets to determine whether those assets have suffered an impairment loss. If this review discloses that the recoverable amount of an asset is lower than its carrying amount, an impairment loss is recognised in equity to write down the carrying amount of the asset to its recoverable amount. Recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If the fair value of an asset cannot be obtained, its value in use is taken to be its recoverable value.

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4.11. Inventories

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

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

4.12. Cash equivalents

The cash equivalents comprise mainly short-term deposits, short-term marketable bills and notes, short-term government bonds and other money market assets maturing at three months or less, and others with longer maturity but which are readily redeemable at no cost to the Company. These assets are measured at acquisition cost, which coincides with their realisable value.

4.13. Receivables and payables

Current and non-current receivables and payables originated in the ordinary course of business are stated at their nominal value, and a specific-purpose allowance for doubtful debts is made on the basis of the situation of each customer.

4.14. Non-trade receivables and payables

Current and non-current non-trade receivables and payables are recognised at their repayment value. The difference with respect to the amount received is taken to income each year on a time proportion basis. Credit accounts are stated at the amount drawn down.

4.15. Debt transformable into grants

Such loans received from government agencies are recognised when they are received and all the conditions relating thereto have been accepted.

The difference between the nominal value and the fair value of the loan received is deducted from the carrying amount of the related asset and is allocated to income on a time proportion basis.

4.16. Treasury shares

Treasury shares are deducted from equity. Losses and gains arising on the disposal of these shares are recognised under "Share Premium".

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4.17. Financial instruments

The Group uses certain derivative financial instruments to manage its exposure to changes in foreign exchange rates in relation to the debt incurred in the purchase of audiovisual rights, which constitute fair value hedges. Any gains and losses arising from changes in fair value are recognised in the income statement.

The Group does not use derivative financial instruments for speculative purposes.

4.18. Provisions for contingencies and charges

These provisions reflect the best estimate of liabilities of any kind to third parties arising from any of the Group's business activities, on the basis of the information available, provided that it is probable that an outflow of economic benefits will be required to settle the liabilities.

Provisions are recognised when the related risks become known, on the basis of the best estimates then available. They are updated based on the information available at each balance sheet date and are reversed or used when the risks cease to exist or when the related liability materialises, respectively.

4.19. Income tax

The Parent, Gestevisión Telecinco, S.A., files consolidated income tax returns with the following subsidiaries:

- Grupo Editorial Tele 5, S.A.U.
- Telecinco Cinema, S.A.U.
- Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.
- Atlas Media, S.A.U.
- MiCartera Media, S.A.U.
- Publiespaña, S.A.U.
- Publimedia, S.A.U.
- Advanced Media, S.A.U.
- Mediacinco Cartera, S.L.

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

Deferred tax assets and liabilities are recognised on the basis of the temporary differences between the carrying amounts of the assets or liabilities and their tax bases and are measured on the basis of the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities arising from changes in equity are charged or credited directly to equity. Deferred tax assets and tax loss and tax credit carryforwards are only recognised when the probability of their future

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realisation is reasonably assured and are adjusted subsequently if it is not considered probable that taxable profits will be obtained in the future.

4.20. Revenue and expense recognition

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

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

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

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

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

4.21. Share-based incentive payment plans

Share-based payment plans are measured at fair value at the date of grant. The fair value is determined at the date of grant and is recognised in profit or loss 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. Fair value is determined using generally accepted valuation techniques.

4.22. Earnings per share

The Group calculates basic earnings per share on the basis of the number of shares outstanding at year-end, which is deemed not to differ materially from the weighted average number of shares outstanding in the year. The calculation of diluted earnings per share also includes the dilutive effect, if any, of stock options granted during the year.

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5. Property, plant and equipment

The detail of the balances of "Property, Plant and Equipment" and of the changes therein in the years ended 31 December 2007 and 2006 is as follows:

	Balance at 31/12/05	Additions	Dispos als	Transf ers	Balance at 31/12/06	Additions	Dispos als	Transf ers	Changes in the Scope of Consolidation	Balance at 31/12/07
COST										
Land and natural resources	14,781	111	-	-	14,892	-	-	78	-	14,970
Buildings and other structures	28,584	2	-	-	28,586	44	-	2,595	-	31,225
Machinery, plant and tools	92,772	2,269	(2,885)	1,276	93,432	2,464	(3,775)	1,458	20	93,599
Furniture and fixtures	5,235	156	(22)	-	5,369	506	(43)	(21)	91	5,902
Computer hardware	16,159	1,186	(1,275)	204	16,274	1,465	(1,796)	-	-	15,943
Other items of property, plant and equipment	1,349	6	(201)	-	1,154	4	(79)	-	-	1,079
Property, plant and equipment in the course of construction	1,704	4,287	(19)	(1,485)	4,487	4,321	-	(4,110)	-	4,698
Total cost	160,584	8,017	(4,402)	(5)	164,194	8,804	(5,693)	0	111	167,416
ACCUMULATED DEPRECIATION										
Buildings and other structures	(12,572)	(1,153)	-	-	(13,725)	(1,183)	-	-	-	(14,908)
Machinery, plant and tools	(74,176)	(6,258)	2,877	-	(77,557)	(5,084)	3,770	(4)	(20)	(78,895)
Furniture and fixtures	(3,300)	(347)	15	-	(3,632)	(367)	31	4	(53)	(4,017)
Computer hardware	(14,212)	(1,199)	1,268	-	(14,143)	(970)	1,744	-	-	(13,369)
Other items of property, plant and equipment	(1,166)	(59)	169	-	(1,056)	(36)	74	-	-	(1,018)
Total accumulated depreciation	(105,426)	(9,016)	4,329	0	(110,113)	(7,640)	5,619	0	(73)	(112,207)
Provisions	(53)	-	-	-	(53)	(144)	53	-	-	(144)
CARRYING AMOUNT	55,105	(999)	(73)	(5)	54,028	1,020	(21)	0	38	55,065

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The detail of the fully depreciated property, plant and equipment at 31 December 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Computer hardware	11,111	11,305
Technical machinery, fixtures and tools	62,420	58,576
Furniture	2,859	2,662
Other items of property, plant and equipment	128	129
	<u>76,518</u>	<u>72,672</u>

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

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6. Intangible assets

The detail of the balances of “Intangible Assets” and of the changes therein in the years ended 31 December 2007 and 2006 is as follows:

	Balance at 31/12/05	Additions	Disposals and Other	Transfers	Balance at 31/12/06	Additions	Disposals and Other	Transfers	Balance at 31/12/07
COST									
Development expenditure	925	440	-	(642)	723	229	-	(625)	327
Concessions, patents and trademarks	33,682	-	-	-	33,682	-	-	-	33,682
Computer software	14,182	1,063	(625)	1,363	15,983	1,623	(431)	875	18,050
Computer software in progress	487	348	-	(490)	345	874	(91)	(250)	878
Advances on intangible assets	169	57	-	(226)	-	-	-	-	-
Total cost	49,445	1,908	(625)	5	50,733	2,726	(522)	0	52,937
ACCUMULATED AMORTISATION									
Concessions, patents and trademarks	(32,987)	(136)	-	-	(33,123)	(136)	-	-	(33,259)
Computer software	(12,162)	(1,363)	621	-	(12,904)	(1,699)	414	-	(14,189)
Total accumulated amortisation	(45,149)	(1,499)	621	0	(46,027)	(1,835)	414	0	(47,448)
Provisions	(8)	-	-	-	(8)	-	8	-	-
CARRYING AMOUNT	4,288	409	(4)	5	4,698	891	(100)	0	5,489

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Development expenditure

Development expenditure includes expenditure on developing the project entitled “Research and development relating to an information system to manage advertising with audience estimator, optimisation of revenues and on-line channel”. Amortisation has been taken on a straight-line basis since 2003 at an annual rate of 25%.

In connection with this project, the Ministry of Science and Technology, through its PROFIT Programme (Programme to Foster Technical Research) and CDTI (Centro para el Desarrollo Tecnológico Industrial) granted the Group certain repayable interest-free advances.

The two advances appear on the balance sheet under the following headings:

At 31 December 2007	PROFIT	CDTI	Total
Short-term grants repayable	93	-	93
Long-term grants repayable	90	-	90
At 31 December 2006			
Short-term grants repayable	93	72	165
Long-term grants repayable	177	-	177

The detail of the fully amortised intangible assets at 31 December 2007 and 2006 is as follows:

	2007	2006
Computer software	11,147	10,331
Concessions, patents and trademarks	19,256	19,247
Total	30,403	29,578

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7. Audiovisual property rights

The detail of the balances of the audiovisual property rights and of the changes therein in the years ended 31 December 2007 and 2006 is as follows:

	Balance at 31/12/05	Additions	Dispos als	Transfers and Other	Balance at 31/12/06	Additions	Dispos als	Transfers and Other	Balance at 31/12/07
COST									
Audiovisual property rights	397,603	33,520	(93,330)	13,260	351,053	43,991	(58,622)	13,604	350,026
Master copies	31	3	(7)	-	27	1	(5)	-	23
Dubbing	6,926	317	(757)	-	6,486	380	(434)	-	6,432
Co-production rights	16,412	2,732	(1,077)	39,222	57,289	1,011	-	8,234	66,534
In-house production rights	561,552	66,343	-	6,490	634,385	92,166	-	6,547	733,098
Distribution rights	11,369	-	-	-	11,369	27	(754)	1,338	11,980
Other ancillary work	584	12	-	-	596	57	-	-	653
Rights, options, script develop.	459	77	(129)	(316)	91	200	-	-	291
Start-up costs	220	-	-	-	220	-	-	30	250
Advances	60,653	32,024	(14)	(58,656)	34,007	39,455	(505)	(33,318)	39,639
Total cost	1,055,809	135,028	(95,314)	0	1,095,523	177,288	(60,320)	(3,565)	1,208,926
ACCUMULATED AMORTISATION									
Audiovisual property rights	(236,672)	(65,265)	92,652	(3,313)	(212,598)	(70,631)	57,550	(156)	(225,835)
Master copies	(24)	(3)	7	-	(20)	(3)	5	-	(18)
Dubbing	(5,654)	(568)	757	(40)	(5,505)	(553)	434	(3)	(5,627)
Co-production rights	(10,509)	(16,229)	-	-	(26,738)	(18,832)	-	-	(45,570)
In-house production rights	(541,940)	(75,261)	-	-	(617,201)	(90,780)	-	-	(707,981)
Distribution rights	(9,153)	(47)	-	-	(9,200)	(1,693)	754	-	(10,139)
Other ancillary work	(511)	(8)	-	-	(519)	(23)	-	-	(542)
Start-up costs	(169)	(6)	-	-	(175)	(27)	-	-	(202)
Total accumulated depreciation	(804,632)	(157,387)	93,416	(3,353)	(871,956)	(182,542)	58,743	(159)	(995,914)
Provisions	(17,240)	(14,177)	6,216	3,416	(21,785)	(21,288)	16,179	-	(26,894)
Total audiovisual rights	233,937	(36,536)	4,318	63	201,782	(26,542)	14,602	(3,724)	186,118

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The Group estimates that between 35% and 40% of the total amount of audiovisual property rights recognised, classified as non-current assets in the consolidated balance sheet at 31 December 2007, will be amortised within 12 months from the balance sheet date. This percentage represents the best estimate currently available on the basis of the programming budget for 2008.

The impairment losses at year-end relate to the carrying amount of rights which, although they expire after 31 December 2007, do not feature in the network's future broadcasting plans at the date of preparation of these consolidated financial statements. Therefore, the balance of this account relates mainly to the adjustment required to determine the carrying amount of the library. At 31 December 2007 and 2006, the impairment losses recognised in the income statement amounted to EUR 21,288 thousand and EUR 14,177 thousand, respectively.

At the balance sheet date there were firm commitments to purchase audiovisual property rights, available from 1 January 2008, for a total amount of USD 74,838 thousand and EUR 60,718 thousand. The commitments at 2006 year-end amounted to USD 103,922 thousand and EUR 88,749 thousand.

At 31 December 2007, advances of USD 643 thousand and EUR 6,068 thousand had been paid in connection with these firm commitments to purchase audiovisual property rights. The advances paid in 2006 amounted to EUR 5,950 thousand and USD 12,890 thousand.

At the balance sheet date there were commitments to purchase co-production rights, available from 1 January 2008, for a total amount of EUR 39,495 thousand. The commitments at 2006 year-end amounted to EUR 29,679 thousand.

At 31 December 2007, advances of EUR 28,205 thousand had been paid in connection with these co-production right purchase commitments. The advances paid in 2006 amounted to EUR 11,341 thousand.

There are firm commitments to acquire distribution rights, available from 1 January 2008, for a total amount of EUR 1,200 thousand. The firm purchase commitments at 2006 year-end amounted to USD 1,578 thousand and EUR 1,200 thousand.

At 31 December 2007, advances of EUR 650 thousand had been paid in connection with these firm distribution right purchase commitments. At 2006 year-end the advances totalled USD 1,578 thousand.

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8. Non-current financial assets

The detail of the balance of “Non-Current Financial Assets” and of the changes therein in 2007 and 2006 is as follows:

	Investments Accounted for Using the Equity Method	Other Financial Assets	Total
Balance at 31 December 2005	3,736	2,080	5,816
Increase	1,080	11,111	12,191
Decrease	(120)	(1,827)	(1,947)
Share of results of associates	75	898	973
Dividends received	(1,151)	-	(1,151)
Other changes	340	-	340
Balance at 31 December 2006	3,960	12,262	16,222
Increase	465,966	30	465,996
Decrease	(1,492)	(19)	(1,511)
Share of results of associates	(3,070)	-	(3,070)
Dividends received	(1,213)	-	(1,213)
Other changes	(4,175)	-	(4,175)
Balance at 31 December 2007	459,976	12,273	472,249

8.1. Investments accounted for using the equity method

Company	Investments accounted for using the equity method		Result of Companies accounted for using the equity method	
	2007	2006	2007	2006
Premiere Megaplex, S.A. (*)	17	14	3	(52)
Canal Factoría de Ficción, S.A. (*)	131	101	31	(29)
Edam Acquisition Holding I Cooperative U.A. (**)	456,471	-	(5,337)	-
Europortal Jumpy España, S.A.	-	-	-	(323)
Aprok Imagen, S.L. (*)	743	809	49	155
Producciones Mandarina, S.L. (*)	1,059	554	879	465
La Voz de Avilés, S.L. (*)	601	62	537	22
Red de Televisión Digital Valencia, S.A. (*)	-	1,493	-	(6)
Publici Televisión, S.A.	954	927	768	741
Total	459,976	3,960	(3,070)	973

(*) Companies not subject to audit.

(**) Audit in progress, data relating to the period from 3 July to 31 December 2007.

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Mediacinco Cartera, S.L. owns 33.3% of the shares of Edam Acquisition Holding I Cooper. U.A. All the shares of this company carry the same rights.

8.2. Other financial assets

The detail of "Other Financial Assets" is as follows:

	<u>2007</u> (Thousands of Euros)	<u>2006</u> (Thousands of Euros)
Comeradisá	601	601
Kulteperalia, S.L.	1,475	1,475
Alba Adriática, S.L.	9,500	9,500
Super Nueve Televisión, S.A.	25	25
Other investments	75	75
Long-term guarantees	276	280
Other	321	306
Total	12,273	12,262

9. Investments in subsidiaries

In the year ended 31 December 2007, the Group made the following investments in subsidiaries and associates:

- Acquisition of the remaining 50% of the shares of Europortal Jumpy, S.A. (now Conecta 5 Telecinco, S.A.U.), making the Group the sole shareholders, through a capital contribution with a share premium of EUR 1,309 thousand.
- Formation of a new company, Mediacinco Cartera, S.L., in which the Group has a 75% ownership interest.
- On 14 May 2007, Telecinco, through the related "relevant event" that is mandatory in these cases, informed the Spanish National Securities Market Commission (CNMV) that the consortium (structured through Edam Acquisition BV) of which it was a member through its holding in Mediacinco Cartera S.L. (owned 75% by Gestevisión Telecinco S.A. and 25% by Mediaset Investment, S.A.R.L.) had entered into an agreement with Telefónica to acquire 99.7% of Endemol Investment Holding NV which, in turn, owned 75% of Endemol NV, which at that time was listed on the Amsterdam stock exchange and controlled the other operating activities of Endemol.

The consortium was formed, together with Mediacinco Cartera S.L., by two mutual funds, Cyrté Fund II BV and Goldman Sachs Capital Partners VI LP, all of which invested the same amount. The price agreed upon with the seller to acquire the aforementioned investment amounted to EUR 2,629 million.

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The agreement led to the definitive acquisition of the ownership interest on 3 July 2007.

A takeover bid was launched on that date for the remaining 25% of Endemol NV that was listed on the stock exchange for the same price as that agreed on with Telefónica (EUR 24,55 per share following payment of the 2006 dividend). The bid ended very successfully in August 2007 with the acceptance by 99.5% of shareholders and Endemol NV was excluded from listing on the stock exchange on 12 September as a result of the satisfactory conclusion of the takeover bid.

The total investment by Edam Acquisition BV to acquire 99.5% of Endemol NV amounted to EUR 3,436 million. The investment made by each of the consortium members to acquire one third of the ownership interest in Endemol through Edam Acquisition BV totalled EUR 466 million, of which 75% (i.e. EUR 349 million) was contributed by the Parent and the remaining 25% was contributed by Mediaset. The remaining acquisition price was contributed through external financing assumed by Edam Acquisition BV without recourse to the company's shareholders.

At 31 December 2007, Edam Acquisition B.V. changed its corporate name to Edam Acquisition Holding I Cooperative U.A.

The balance of "Result of Companies Accounted for Using the Equity Method" in the 2007 consolidated income statement for the Telecinco Group includes the loss of EUR 5,337 corresponding to its investment in Edam Acquisition Holding I Cooperative U.A. from 3 July 2007 to 31 December 2007.

This loss was due essentially to the investment totalling EUR 3,436 million made by Edam Acquisition Holding I Cooperative U.A., the first-level holding company which, as previously mentioned, exercises effective control over the Endemol Group, and, accordingly, the investment held by this associate of the Telecinco Group includes an excess of the acquisition cost over the carrying amount of Endemol NV at the acquisition date of approximately EUR 2,762 million. International Financial Reporting Standards require the allocation of the excess of the acquisition cost over the ownership interest to the fair value of the identifiable assets and liabilities of the subgroup acquired and the amortisation of the cost recognised over the related useful life. Under IFRSs, companies have one year from the acquisition date in which to recognise any adjustment to the provisional values identified. In this legislative context, the Board of Directors of Edam Acquisition Holding I Cooperative U.A. resolved to allocate the excess cost to certain assets of the Group. The intangible assets identified relate mainly to programme formats, contracts with customers and the group brand or capacity to create quality formats. The measurement bases used are based on cost, market and future revenue models. At 31 December 2007, the value allocated provisionally to the intangible assets identified amounted to EUR 1,042 million.

The impact of the amortisation of the aforementioned assets on the net profit of Edam Acquisition Holding I Cooperative U.A. amounted to EUR 66 million in 2007, and, accordingly, is reflected under "Result of Companies Accounted for using the Equity Method, Net" in the Telecinco Group's consolidated income statement for the year ended 31 December 2007.

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Consequently, the loss included by the Parent in its consolidated financial statements arose mainly as a result of the aforementioned amortisation of the intangible assets taken in the year due to the allocation of the excess cost to certain assets, as indicated above. Therefore, and as stated below, the EBITDA of Edam Acquisition Holding I Cooperative U.A. in the six-month period ended 31 December 2007 amounted to EUR 123,9 million.

Also and as detailed in Note 12.4 “Reserves of Fully Consolidated Companies and of Companies Accounted for Using the Equity Method”, the Parent recognised in the consolidated equity of the Telecinco Group the effect of certain changes recognised in the equity of Edam Acquisition Holding I Cooperative U.A. relating mainly to the measurement at fair value of financial instruments, based on its percentage of indirect ownership of this company.

The main economic aggregates of Edam Acquisition Holding I Cooper. U.A. (in millions of euros) are as follows:

	<u>Millions of Euros (1)</u>
Total assets	4,337.8
Total liabilities	2,945.8
Total income	613.4
EBITDA	123.9
Loss for the year	<u>(16.1)</u>

(1) Amounts relating to the period from 3 July 2007 (acquisition date) to 31 December 2007.

10. Current financial assets

The detail of “Current Financial Assets” is as follows:

	<u>2007</u> <u>(Thousands of Euros)</u>	<u>2006</u> <u>(Thousands of Euros)</u>
Short-term investment securities	6,976	13,731
Short-term deposits	-	6,000
Loans to associates	24	502
Total	<u>7,000</u>	<u>20,233</u>

The balance of this heading at 31 December 2007 and 2006 related mainly to mutual funds earning interest at market rates, the investments in which were measured at fair value.

11. Cash and cash equivalents

The detail of “Cash and Cash Equivalents” is as follows:

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	<u>2007</u> (Thousands of Euros)	<u>2006</u> (Thousands of Euros)
Cash on hand and at banks	67,391	326,397
Cash equivalents	452	52,554
Total	67,843	378,951

The balance of "Cash Equivalents" at 31 December 2007 and 2006 related to term deposits earning interest at market rates.

12. Equity

12.1. Share capital

At 31 December 2007, the Company's share capital was represented by 246,641,856 fully subscribed and paid shares of EUR 0.5 par value each, traded by the book-entry system, the shareholder structure being as follows:

<u>Shareholder</u>	<u>2007</u> % of Ownership	<u>2006</u> % of Ownership
Mediaset Investimenti, S.p.A.	50.1	50.1
Corporación de Nuevos Medios Audiovisuales, S.L.U. (Vocento Group)	13.0	13.0
Free float	35.7	36.3
Treasury shares	1.2	0.6
Total	100.0	100.0

All the Parent's shares carry the same rights.

Share transfers are governed by Private Television Law 10/1988, of 3 May.

12.2. Dividends

On 11 April 2007, the shareholders at the Parent's Annual General Meeting resolved to pay a dividend of EUR 314,249 thousand out of the profit for 2006. This dividend was paid in May 2007 and amounted to EUR1.28 per share.

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12.3. Legal reserve

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

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

The legal reserve recognised by the Parent has reached the stipulated level, amounts to EUR 24,664 thousand and is recognised under "Other Reserves" in the accompanying consolidated balance sheet.

12.4. Reserves of fully consolidated companies and of companies accounted for using the equity method

The detail of the reserves of fully consolidated companies is as follows:

Subsidiary	2007 (Thousands of Euros)	2006 (Thousands of Euros)
Grupo Editorial Telecinco, S.A.U.	2,823	2,823
Telecinco Cinema, S.A.U.	212	54
ATLAS España, S.A.U.	3,358	3,358
ATLAS Media, S.A.U.	265	264
ATLAS País Vasco, S.A.U.	247	247
Mi Cartera Media, S.A.U.	370	370
Red Televisión Digital Madrid, S.A.U.	-	(2)
Cinematext Media, S.A.	(165)	(253)
Cinematext Media Italia, S.r.L.	99	33
Conecta 5 Telecinco, S.A.U.	(4,511)	-
Publiespaña Group	(2,729)	(4,180)
TOTAL	(31)	2,714

The detail of the reserves of companies accounted for using the equity method is as follows:

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Associate	<u>2007</u> (Thousands of Euros)	<u>2006</u> (Thousands of Euros)
Premiere Megaplex, S.A.	(1,645)	(1,593)
Canal Factoría de Ficción, S.A.	(19)	10
Edam Acquisition Holding I Cooperative U.A.	(3,119)	-
Aprok Imagen, S.L.	614	575
Producciones Mandarina, S.L.	90	-
La Fábrica de la Tele, S.L.	24	-
Red Televisión Digital Valencia, S.A.	-	(2)
Conecta 5 Telecinco, S.A.U. (*)	-	(2,949)
Publici Televisión, S.A.	(166)	(166)
TOTAL	(4,221)	(4,125)

(*) Formerly Europortal Jumpy España, S.A., the ownership interest having been acquired in full in 2007.

12.5. Treasury shares

The treasury shares were acquired to cover the Company's obligations under its share option plans. These plans are detailed in Note 18.

At 31 December 2007, the Company held 3,014,813 treasury shares acquired at a cost of EUR 56,469 thousand.

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

	<u>2007</u>		<u>2006</u>	
	Number of Shares	Amount (*)	Number of Shares	Amount (*)
At beginning of year	1,411,540	25,838	1,450,000	26,547
Increase	1,613,867	30,825	178,240	3,273
Decrease	(10,594)	(194)	(216,700)	(3,982)
At end of year	3,014,813	56,469	1,411,540	25,838

(*) Amounts in thousands of euros.

At 31 December 2007, the Company shares held by it and by its subsidiaries represented 1.22% of the share capital (31 December 2006: 0.57%).

The average purchase price of the treasury shares in 2007 was EUR 19.10 per share and no shares were disposed of in 2007 (2006: EUR 18.36 purchase price and EUR 21.27 selling price per share).

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12.6. Minority interests

The detail, by company, of the balance of “Minority Interests” in the consolidated balance sheets at 31 December 2007 and 2006 is as follows:

	2007		2006	
	Minority interests	Profit (Loss) Attributable to Minority Interests	Minority interests	Profit (Loss) Attributable to Minority Interests
	(Thousands of Euros)			
Cinematext Media, S.A.	514	56	458	59
Cinematext Media Italia, S.r.L.	94	28	66	44
Mediaset Investment, S.a.r.L.	55,841	(3,120)	-	-
Total	56,449	(3,036)	524	103

13. Long-term provisions

These include provisions made in 2007 and prior years to cover, among other items, contingent risks arising from litigation in progress and unresolved tax assessments.

The changes in long-term provisions in the years ended 31 December 2007 and 2006 were as follows:

	2007					Balance at 31/12/07
	Balance at 31/12/06	Charge for the Year	Amounts Used	Amounts Reversed	Changes in the Scope of Consolidation	
Provisions for contingencies and charges	51,547	16,316	(938)	(5,591)	150	61,484
Other provisions for contingencies (Note 16.2)	27,524	1,083	-	-	-	28,607
Long-term provisions	79,071	17,399	(938)	(5,591)	150	90,091
	2006					Balance at 31/12/06
	Balance at 31/12/05	Charge for the Year	Amounts Used	Amounts Reversed	Changes in the Scope of Consolidation	
Provisions for contingencies and charges	44,589	10,970	(1,333)	(2,679)	-	51,547
Other provisions for contingencies (Note 16.2)	26,657	867	-	-	-	27,524
Long-term provisions	71,246	11,837	(1,333)	(2,679)	-	79,071

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The provisions for contingencies and charges relate mainly to contingencies arising from unresolved litigation. Since 2001 the Company has recognised provisions for litigation with collection societies, which have either filed suits against the Company claiming amounts for the purported use of their respective rights catalogues or have made claims, by any means, for payment of their respective fees. The Company has reached agreements with some of these societies. Other suits are still pending in various jurisdictions, either because the Company does not recognise the right being claimed, or because claims are being made for fees in relation to differing degrees of usage of their respective catalogues. In these instances, the Group has recognised various provisions included under this heading based on reasonable estimates of the amounts involved.

The provisions for contingencies and charges also include other amounts to cover probable contingencies based on a reasonable estimate of the amounts involved.

The Group's legal advisers and directors consider that the outcome of litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

14. Non-current liabilities

The detail of "Non-Current Liabilities" is as follows:

	Balance at 31/12/07	Balance at 31/12/06
Loans to related companies	58,790	-
Capital payments payable	451	1,201
Advances received on loans	1,803	1,979
Other payables	231	209
Total	61,275	3,389

In 2007 Mediaset Investment, S.R.L.A. granted a loan to Mediacinco Cartera, S.L. to complete the capital contribution made that will serve to finance the acquisition by the latter of 33% of the share capital of Edam Acquisition Holding I Cooperative. U.A. The loan bears interest at Euribor plus 100 basis points.

The value of the loan at maturity will be EUR 76,565 thousand as a result of the constant conversion of interest, into loan principal throughout the term of the loan.

"Advances Received on Loans" relates to repayable advances granted by the Ministry of Science and Technology and CDTI. The conditions and amounts outstanding at 31 December 2007 were as follows:

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Repayment Period	Grace Period	Year of Grant	2007 (Thousands of Euros)	2006 (Thousands of Euros)
7 years	2 years	2002	370	727
7 years	2 years	2002	90	177
4 years	2 years	2003-2004	-	236
7 years	2 years	2004	225	296
7 years	2 years	2004	126	166
7 years	2 years	2005	287	377
7 years	2 years	2007	705	-
			1,803	1,979

These advances are interest-free. A discount rate is applied to each advance and the financial cost is deferred and recognised in profit or loss each year.

The non-current and current loans received, without applying the aforementioned discount rate, mature as follows:

MATURITY							
3 Months	6 Months	2 Months	8 Months	4 Months	30 Months	3 Years	Over 3 Years
271	77	766	170	701	170	218	745

15. Short-term provisions

This detail of "Short-Term Provisions" is as follows:

	Balance at 31/12/07	Balance at 31/12/06
Provisions for sales volume rebates	43,425	39,441
Provisions for short-term third-party liability	587	1,131
	44,012	40,572

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16. Tax matters

16.1. Consolidated Tax Group

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

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

16.2. Years open for review by the tax authorities

On 29 June 1995, the Spanish tax authorities initiated a tax audit of the Parent and Publiespaña covering the following taxes and years:

	Period
Income tax	1989-90-91-92-93
VAT	1990-91-92-93-94
Personal income tax withholdings and prepayments	1990-91-92-93-94
Withholdings from income from movable capital	1990-91-92-93-94
Annual statement of transactions with third parties	1989-90-91-92-93
Non-resident income tax (Form 210)	1990-91-92-93-94
Transfer tax	1990-91-92-93-94
Gaming tax	1992-93-94-95-96

Subsequently, the inspection period was extended to include 1995 for all the aforementioned taxes, which were not originally to be inspected for that year.

At 31 December 2007, tax assessments amounting to EUR 17,562 thousand had been issued against the Consolidated Tax Group, which signed them on a contested basis.

At the date of preparation of these consolidated financial statements, the Company had not received the tax assessment (signed on a contested basis) unifying the tax assessments originally issued to that for income tax for 1995 and, therefore, the definitive amounts that might be claimed in this connection are not yet known.

An overall provision for the assessments signed on a contested basis was recognised under "Long-Term Provisions" (see Note 13). The Parent and the subsidiary Publiespaña, S.A.U. have both deposited a guarantee of EUR 9,381 thousand in this connection.

The changes in the provision for tax liabilities included under "Long-Term Provisions" (see Note 13) were as follows:

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	<u>2007</u>	<u>2006</u>
	Thousands of Euros	Thousands of Euros
Beginning balance	27,524	26,657
Provision for interest	1,083	867
Ending balance	<u>28,607</u>	<u>27,524</u>

In accordance with current legislation, tax settlements cannot be deemed final until they have been inspected by the tax authorities or until the four-year statute of limitations period has elapsed. The Group companies have the returns for all the taxes for 2004 and subsequent years and for 2003 income tax open for review by the tax authorities.

16.3. Balances receivable from and payable to public authorities

The detail of "Receivable from Public Authorities" and "Payable to Public Authorities" at 31 December 2007 and 2006 is as follows:

	<u>31/12/07</u>	<u>31/12/06</u>
	Thousands of Euros	Thousands of Euros
<u>Tax payables</u>		
Income tax	27,328	29,548
VAT	12,246	11,295
Personal income tax withholdings	2,840	3,110
Accrued social security taxes payable	1,116	1,166
Payable to other public agencies	313	302
Total	<u>43,843</u>	<u>45,421</u>
	<u>31/12/07</u>	<u>31/12/06</u>
	Thousands of Euros	Thousands of Euros
<u>Tax receivables</u>		
VAT	8,740	4,288
Other tax receivables	1,430	2,010
Total	<u>10,170</u>	<u>6,298</u>

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16.4. Reconciliation of the accounting profit to the taxable profit

The reconciliation of the consolidated accounting profit before tax to the income tax base recognised in the consolidated financial statements is as follows:

2007	Base	Tax Effect and Tax Credits	Tax Expense
Consolidated accounting profit before tax	487,443	152,576	152,576
Permanent differences	682	222	222
Long-term temporary differences	2,821	917	917
Long-term temporary differences due to application of IFRS		(3,109)	(892)
Other temporary differences	24,765	8,060	4,368
Tax credits			
Programme production		(19,335)	(19,335)
Other Consolidated Tax Group companies		(1,282)	(1,282)
Other		(343)	(343)
Tax withholdings and prepayments		(110,378)	
COMBINED TAXABLE PROFIT	<u>515,711</u>		
AGGREGATE TAX PAYABLE FOR THE YEAR		<u>27,328</u>	
INCOME TAX EXPENSE BEFORE ADJUSTMENTS			136,231
Positive adjustments to income tax			879
Foreign income tax			311
INCOME TAX EXPENSE FOR THE YEAR			<u>137,421</u>

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2006	Base	Tax Effect and Tax Credits	Tax Expense
Consolidated accounting profit before tax	450,576	157,977	157,977
Permanent differences	1,245	435	435
Long-term temporary differences	90	31	31
Long-term temporary differences due to application of IFRS		(1,191)	(1,022)
Other temporary differences	3,834	1,333	(539)
Tax credits			
Programme production		(21,558)	(21,558)
Other Consolidated Tax Group companies		(1,541)	(1,541)
Other		(421)	(421)
Tax withholdings and prepayments		(105,517)	
COMBINED TAXABLE PROFIT	455,745		
AGGREGATE TAX PAYABLE FOR THE YEAR		29,548	
INCOME TAX EXPENSE BEFORE ADJUSTMENTS			133,362
Positive adjustments to income tax			2,785
Foreign income tax			77
INCOME TAX EXPENSE FOR THE YEAR			136,224

The detail of the income tax expense is as follows:

	2007	2006
	(Thousands of Euros)	
Tax for the year	137,381	133,439
Deferred tax expense and income	40	2,785
	137,421	136,224

In 2007 the Group recognised tax of EUR 13 thousand in equity (2006: EUR 221 thousand).

16.5.Reconciliation of rates

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The reconciliation of the statutory tax rate in force in Spain to the effective tax rate applicable to the Group is as follows:

	2007	2006
Statutory tax rate in Spain	32.50	35.00
Investment tax credit	(3.97)	(4.78)
Other (Note 16.6)	(0.34)	0.01
Effective tax rate	28.19	30.23

16.6. Deferred taxes

The tax effect was calculated by applying to the related amount the tax rate in force in the year in which the related item arose, adjusted for the effect of the change in tax legislation in 2006.

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 provides for, among other things, a reduction of the standard Spanish corporation tax rate, which until 31 December 2006, had been 35%, over two years, as follows:

Tax Period Beginning on or after	Tax Rate
1 January 2007	32.5%
1 January 2008	30%

Therefore, in 2007 the Group re-estimated, based on the years in which the related reversals will foreseeably take place, the amount of the deferred tax assets and liabilities and tax credits recognised in the consolidated balance sheet. Accordingly, a net charge of EUR 418 thousand was recognised under "Income Tax" in the consolidated income statement.

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The balances of deferred taxes recognised by the Group in 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
	(Thousands of Euros)	
Deferred taxes arising as a result of:		
Impairment losses on non-current assets	7,503	7,525
Provision for litigation	8,091	6,854
Other provisions	3,961	3,575
Total deferred tax assets	<u>19,555</u>	<u>17,954</u>

At 31 December 2007 and 2006, the Group did not have any unused tax loss or tax credit carryforwards to be included in the calculation of the income tax expense.

17. Guarantee commitments to third parties

The detail, by nature, of the guarantees provided and received at 31 December 2007 is as follows:

Nature of Guarantee	Amount (Thousands of Euros)
Guarantees provided	
Surety bonds for contracts, concessions and tenders	13,433
Payments into court	<u>36,745</u>
	<u>49,368</u>
Guarantees received	<u>34,700</u>

17.1. Guarantees provided

The first category of guarantees includes a bond of EUR 6,010 thousand securing the performance of the obligations arising from the concession to indirectly manage the television service, in accordance with Law 107/1988, of 3 May, and the General Secretariat of Communications Resolution dated 25 January 1989. This concession was renewed for a further ten years by the decision of the Spanish Cabinet on 10 March 2000, made public through a General Secretariat of Communications Resolution of that same date and published in the Official State Gazette on 11 March 2000.

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The Group has provided guarantees totalling EUR 2,535 thousand to the Directorate-General for the Development of the Information Society (Ministry of Science and Technology, now the Ministry of Industry and Tourism) for an indefinite period of time to secure the repayable advances granted by that Directorate-General as aid for research and development in the following projects:

- Research and development to improve and expand the current management system and applications to adapt work processes to new technological tools and their integration with the digital archive.
- Research and development of new tools for technological advancement in production processes in digital television.
- Research and development of an information system to manage contracts with electronic signature, security and contingency plans.
- Research and development of a new information system to manage advertising with audience estimator, optimisation of income and on-line channel.

The payments into court secure any liability that might arise from the legal proceedings initiated as a result of the court order of 1 June 1998, which are not expected to give rise to significant additional contingent liabilities for the Parent. The Group has also provided a guarantee of EUR 17,743 thousand in connection with the matters described in Note 13.

The judgment handed down on 19 April 2007, rendered in Case 15/2005, in Panel One of the First Criminal Chamber of the National Appellate Court concluded the proceeding arising from Abbreviated Procedure 262/1997, of Number Five Examining Court, conducted for offences against the public finance authority and misrepresentation of events related to several companies including Gestevisión Telecinco, S.A. and Publiespaña, S.A.U., and in which these companies were joint and severally liable at civil law.

In the aforementioned judgment, the National Appellate Court absolved the defendants and affirmed that none of the events investigated constituted an offence. However, this judgment has been appealed by the government's lawyers.

A request has been issued for the reimbursement of the guarantees, but this had not occurred by the date of preparation of these consolidated financial statements.

17.2. Guarantees received

Under the Group's advertising contracting procedures, deferred sales must be accompanied by performance bonds. The amount of the guarantees received in this connection at 31 December 2007 is shown in the preceding table.

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18. Share-based payment plan

In 2007 the Group approved a share option plan involving the Parent's shares. The vesting period is three years. The options may be exercised between 25 July 2010 and 24 July 2012, with an exercise price of EUR 20.82 per share.

The fair value of the share options was estimated at the date of grant of each plan using the binomial option measurement model based on assumptions that include the best estimates at that date regarding:

- i) The volatility of the share price
- ii) The payment of dividends up to the exercise of the option
- iii) The three-year vesting period.

The Group applied IFRS 2, "Share-based Payment" to its share option plans. This Standard requires that the services received from employees as consideration for the share options granted be charged to profit or loss at the fair value calculated and at the date of grant. An expense of EUR 3,717 thousand was recognised in this connection in 2007.

The share-based payment schemes for 2007 are as follows:

	Number of Options	Exercise Price (Euros)	Year Granted	Start of Exercise Period	End of Exercise Period
Plans outstanding at 31 December 2005	1,483,500	19.70	2005	27/07/08	27/07/10
Options granted	1,733,150	18.57	2006	26/07/09	25/07/11
Options cancelled	(263,000)	19.70	2005		
Plans outstanding at 31 December 2006	2,953,650				
Options granted	1,326,698	20.82	2007	25/07/10	24/07/12
Options cancelled	(89,500)	19.70	2005		
	(105,500)	18.57	2006		
	(18,000)	20.82	2007		
Plans outstanding at 31 December 2007	4,067,348				

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19. Financial instruments

19.1. Hedge accounting

The Group uses financial instruments to hedge the foreign currency risks relating to purchases of audiovisual property rights in the year and, for the first time, in 2007 it also hedged foreign currency risk on commercial transactions with customers, which were accounted for in the consolidated balance sheet.

The detail, by maturity, of the notional amounts of financial derivatives outstanding at the Group at 31 December 2007 is as follows:

ASSETS	Notional Amount/ Maturity within 1 Year	Amount in USD		Fair Value
		US dollars	Year-End Exchange Rate (EUR/USD)	
Unmatured foreign currency purchases:				
Purchases of US dollars against euros	5,204	6,984	1,342	455
Sales of US dollars against euros	(717)	(966)	(1,347)	(60)
Net balance	4,487	6,018		395
Maturities				
		3 months	6 months	12 months
Hedging derivatives		1,802	2,170	515
Derivatives at closing rate		(1,632)	(1,976)	(479)

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

The fair value of these hedges is reflected mainly in the balance sheet under "Other Non-Trade Payables".

After the hedges were arranged in 2007 on the basis of the existing contractual obligations, there were unforeseen changes in the maturity of these obligations, as a result of which there was a hedge excess for a non-material amount (USD 594 thousand) at year-end.

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19.2. The classification of financial assets and liabilities and finance income and expense per the categories established in IAS 39 would be as follows:

FINANCIAL ASSETS	Assets Classified as at Fair Value through Profit or Loss		Accounts Receivable	
	2007	2006	2007	2006
Long-term guarantees and other investments	597	586	-	-
Trade receivables, net	-	-	243,877	216,264
Related-party trade receivables	-	-	2,088	2,591
Investment securities and deposits	6,976	19,731	-	-
Loans to associates	-	-	24	502
Hedging derivatives	423	509	-	-
Cash and cash equivalents	-	-	67,843	378,951
Total	7,996	20,826	313,832	598,308

FINANCIAL LIABILITIES	Liabilities Classified as at Fair Value through Profit or Loss		Other Liabilities at Amortised Cost	
	2007	2006	2007	2006
Non-current financial liabilities	-	-	60,593	1,979
Payable to related parties	-	-	46,225	22,689
Accounts payable for purchases and services	-	-	86,375	91,578
Payables for purchase of rights	-	-	23,711	24,105
Payable for non-current asset acquisitions	-	-	7,116	6,661
Government grants and other loans	-	-	1,100	1,065
Measurement of payables to suppliers of rights	475	411	-	-
Total	475	411	225,120	148,077

FINANCE INCOME AND COSTS	Interest		Exchange Differences		Total	
	2007	2006	2007	2006	2007	2006
Fair value hedges	-	-	(475)	(411)	(475)	(411)
Held-for-trading instruments	(901)	2,584	372	527	(529)	3,111
Repayment of debt	(82)	(106)	-	-	(82)	(106)
Accounts receivable	7,501	8,305	-	-	7,501	8,305
Other	(1,083)	(867)	-	-	(1,083)	(867)
Total	5,435	9,916	(103)	116	5,332	10,032

Also, financial assets are measured at the cost shown in Note 8.2.

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The main financial credit instruments, at net value, mature as follows:

2007		Maturities				
Risk	Balance	Unmatured	30 Days	60 Days	90 Days	Other
HIGH	69	14	0	3	1	52
AVERAGE	2,858	547	177	1,487	484	163
LOW	240,950	142,742	74,694	13,780	1,461	8,273
Total	243,877	143,303	74,871	15,270	1,946	8,488

2006		Maturities				
Risk	Balance	Unmatured	30 Days	60 Days	90 Days	Other
HIGH	1,312	634	62	57	304	254
AVERAGE	2,355	643	987	134	41	550
LOW	212,597	135,761	59,597	10,314	2,357	4,567
Total	216,264	137,038	60,646	10,505	2,702	5,371

The main financial debt instruments mature as follows:

2007		Maturities			
	Balance	3 months	6 months	12 months	30 months
Accounts payable for purchases and services	86,375	81,304	5,071	-	-
Payables for purchase of rights	23,511	17,971	1,723	3,380	437
Payable for non-current asset acquisitions	7,116	6,623	493	-	-
Total		105,898	7,287	3,380	437

2006		Maturities			
	Balance	3 months	6 months	12 months	30 months
Accounts payable for purchases and services	91,578	91,578	-	-	-
Payables for purchase of rights	24,105	15,153	5,442	2,953	557
Payable for non-current asset acquisitions	6,661	6,661	-	-	-
Total		113,392	5,442	2,953	557

The maturities of the accounts payable to related parties are detailed in Note 23.1.

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19.3. Capital management policy

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

19.4. Risk management policy

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

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

- Credit risk management

The Group's credit risk management policy was designed to minimise the possible impact of default by customers through both the design of the mechanisms guaranteeing collection and, where appropriate, sufficient guarantees to secure payment in deferred sale transactions (see Note 17.2). As a result of these policies, the balances in the consolidated balance sheet reflect high levels of creditworthiness and a proven record of recoverability.

- Liquidity risk management

The Group's financial structure presents low liquidity risk due to the low gearing ratio level and the high level of operating cash flows generated each year.

- Market risk management (foreign currency, interest rate and price risk)

In view of the absence of debt to third parties, there is no financial risk associated with changes in interest rates. However, for illustrative purposes, a sensitivity analysis on the impact on the Group's net cash to certain interest rate changes was performed.

The assumption used is as follows: the Group applies a change of +/- 50 basis points to its net cash position at year-end, taking Euribor at 31 December as a reference.

The sensitivity analysis performed shows that the changes in interest rates applied to net cash would not have a significant effect at 31 December and would only affect the amount of finance income.

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	Reference Rate (1-M Euribor)	Net cash	Annual Interest	50 b.p.	Annual Interest	-50 b.p.	Annual Interest
31/12/06	3,633	396,140	14,392	4,133	16,372	3,133	12,411
31/12/07	4,288	13,150	564	4,788	630	3,788	498

- Sensitivity analysis and estimate of changes in interest rates on the income statement.

The financial instruments exposed to EUR/USD foreign currency risk, represented mainly by currency derivatives arranged on the basis of the acquisition of rights, were tested using the sensitivity analysis at year end.

The carrying amount of the financial instruments was adjusted by applying the exchange rate prevailing at the balance sheet date, a symmetrical percentage change, equal to the implicit volatility at one year of the currency concerned, published by Reuter (6.97% in 2006 and 8.40% in 2007).

The sensitivity analysis performed demonstrates that the changes with respect to the year-end exchange rate would not have had a significant direct impact on the consolidated income statement.

31/12/06			31/12/07		
USD	Exchange Rate	Differences	USD	Exchange Rate	Differences
9,222	1.317	-411	6,984	1.4721	-455
		Sensitivity analysis			
9,222	1.2252	105	6,984	1.3484	-24
9,222	1.4088	-860	6,984	1.5958	-819

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20. Income and expenses

20.1. The detail of the Group's ordinary revenue is as follows:

Activity	2007 Thousands of Euros	2006 Thousands of Euros
Publiespaña Group advertising revenue	1,006,121	922,806
Other advertising revenue	907	620
Revenue from the rendering of services	35,347	42,421
Other	13,199	13,162
Total	1,055,574	979,009

These consolidated financial statements do not provide a breakdown of revenue by business segment because the Group does not have significant differentiated business or geographical segments.

20.2. The detail of "Staff Costs" in 2007 and 2006 is as follows:

	2007 Thousands of Euros	2006 Thousands of Euros
Wages and salaries	67,064	63,271
Accrued share-based payment costs	3,717	2,655
Social security costs	11,710	11,571
Employee benefit costs	2,362	1,981
Total	84,853	79,478

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

	2007		2006	
	Men	Women	Men	Women
Managers	71	27	68	21
Supervisors	31	48	37	47
Other line personnel	50	61	47	63
Clerical staff	460	383	454	394
Other	25	5	26	6
Employees under contracts for project work or services	17	17	14	7
Total employees	654	541	646	538

20.3. The detail of "Change in Operating Provisions" at the balance sheet date, which relates to the allowance for doubtful debts, is as follows:

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	2007 Thousands of Euros	2006 Thousands of Euros
Charge for the year	1,066	662
Losses on uncollectible receivables	1,360	-
Amounts used	(1,737)	(830)
Total	689	(168)

20.4. Services provided by the auditors

“Other Operating Expenses” in the accompanying consolidated income statement includes the fees for the audit of the Group's financial statements, conducted by Deloitte, S.L., amounting to EUR 184 thousand in 2007 (2006: EUR 161 thousand).

The fees for other professional services provided exclusively to the Parent by the principal auditor amounted to EUR 168 thousand at 31 December 2007, of which EUR 137 thousand relate to audit-related services. At 31 December 2006 the fees relating to other professional services amounted to EUR 62 thousand, of which EUR 30 thousand corresponded to audit-related services.

20.5. The detail of the Group's net finance income in 2007 and 2006 is as follows:

	2007 Thousands of Euros	2006 Thousands of Euros
Interest income	10,343	11,563
Less interest expenses	(4,908)	(1,647)
Total	5,435	9,916

20.6. Exchange differences

The detail of the exchange differences in 2007 and 2006 is as follows:

	2007 Thousands of Euros	2006 Thousands of Euros
Exchange gains	1,364	1,134
Exchange losses	(1,467)	(1,018)
Total	(103)	116

The foreign currency transactions, which related to the acquisition of audiovisual property rights and distribution rights, amounted to USD 31 million in 2007 (2006: USD 36 million).

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In addition, the balance of the trade payables for purchases of audiovisual property rights includes EUR 5,954 thousand denominated in US dollars in 2007 (2006: EUR 9,706 thousand).

Trade receivables for sales and services includes EUR 868 thousand denominated in US dollars in 2007 (2006: EUR 585 thousand).

20.7. Contribution to consolidated profit

The breakdown, by company, of the contribution to consolidated profit is as follows:

	<u>2007</u>	<u>2006</u>
	Thousands of Euros	Thousands of Euros
Gestevisión Telecinco, S.A.	276,727	225,070
Grupo Editorial Telecinco, S.A.U.	3,653	2,771
Atlas España, S.A.U.	6,269	5,584
Telecinco Cinema, S.A.U.	(5,787)	4,125
Publiespaña S.A.U.	77,864	69,672
Cinematext Media, S.A.	84	89
Conecta 5 Telecinco, S.A.U.	(218)	-
Mediacinco Cartera, S.L.	(9,358)	-
Atlas Media, S.A.U.	(222)	1
Atlas País Vasco, S.A.U.	221	175
Mi Cartera Media, S.A.U.	960	1,000
Publimedia S.A.U.	5,894	4,827
Advanced Media S.A.U.	(2)	(78)
Cinematext Italia, S.R.L.	43	67
Red de Televisión Digital Madrid, S.A.U.	-	(27)
Investees	(3,070)	973
Total	353,058	314,249

The adjustments made pursuant to IFRSs were added to the individual results of each of the companies that generated them.

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20.8. Operating leases

The detail of "Operating Leases" in 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
	Thousands of Euros	
Minimum lease payments under operating leases recognised in profit or loss	1,298	1,309
	1,298	1,309

The future operating lease obligations assumed by the Group fall due at one year and are for amounts similar to those for 2007.

21. Earnings per share

The calculation of the weighted average number of shares outstanding and diluted at 31 December 2007 and 2006 is as follows:

	<u>31/12/07</u>	<u>31/12/06</u>
Total shares issued	246,641,856	246,641,856
Less: treasury shares	(3,014,813)	(1,411,540)
Total shares outstanding	243,627,043	245,230,316
Dilutive effect of share options and free delivery of shares	(2,804,662)	(1,218,246)
Total number of shares for calculating diluted earnings per share	243,837,194	245,423,610

21.1. Basic earnings per share:

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

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Accordingly:

	2007	2006	Change
Net profit for the year (thousands of euros)	353,058	314,249	38,809
Number of shares outstanding	243,627,043	245,230,316	(1,603,273)
Basic earnings per share (euros)	1.45	1.28	0.17

21.2. Diluted earnings per share:

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

Accordingly:

	2007	2006	Change
Net profit for the year (thousands of euros)	353,058	314,249	38,809
Number of shares for calculating diluted earnings per share	243,837,194	245,423,610	(1,586,416)
Diluted earnings per share (euros)	1.44	1.28	0.16

22. Related party transactions

22.1. Transactions with associates and shareholders

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

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

	2007 (Thousands of Euros)		2006 (Thousands of Euros)	
	Receivable	Payable	Receivable	Payable
Publici Televisión, S.A.	858	-	1,114	-
Europortal Jumpy España, S.A.	-	-	230	651
Aprok Imagen, S.L.	5	250	7	105
Canal Factoría de Ficción, S.A.	122	-	769	92
Premiere Megaplex, S.A.	-	-	10	-
Producciones Mandarina, S.L.	269	1,034	64	4,029
La Fábrica de la Tele, S.L.	20	1,759	24	255
Alba Adriática, S.L.	4	2,289	-	-
Fundación Telecinco	7	-	9	-
Mediaset Group	185	1,475	243	1,243
Vocento Group	278	27,395	121	16,314
Endemol Group	340	12,023	(*)	(*)
Total	2,088	46,225	2,591	22,689

(*) The Endemol Group did not belong to the Group in 2006.

The detail, by maturity, of the balances payable to all the related parties, pursuant to the new IFRS 7, is as follows:

	Balance	Maturities		
		3 months	6 months	12 months
Investee	5,332	4,056	1,276	-
Mediaset Group	1,475	1,475	-	-
Other companies	39,418	35,125	844	3,449
Total	46,225	40,656	2,120	3,449

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

	Sales of Goods		Purchases of Goods		Other Sales		Purchases of Rights	
	2007	2006	2007	2006	2007	2006	2007	2006
Publici Televisión, S.A.	1,794	2,518	-	-	-	-	-	-
Europortal Jumpy España, S.A.	-	288	-	1,452	-	13	-	-
Aprok Imagen, S.L.	-	2	1,115	1,343	-	-	-	-
Canal Factoría de Ficción, S.A.	445	276	115	298	-	866	-	-
Premiere Megaplex	-	-	-	-	-	49	-	-
La Fábrica de la Tele, S.L.	34	21	122	1,267	-	-	10,423	-
Producciones Mandarina, S.L.	521	48	7	9,791	-	7	18,407	-
Alba Adriática, S.L.	6	-	208	-	-	-	12,047	-
Mediaset Group	954	1,236	1,258	710	1,492	-	650	631
Vocento Group	618	237	2,021	4,372	-	12	46,060	34,829
Endemol Group	279	-	25,820	-	-	-	-	-
Total	4,651	4,626	30,666	19,233	1,492	947	87,587	35,460

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

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

Credit facilities:

	Current Limit	Drawn Down (Dr) Cr	Non-Current Limit	Drawn Down (Dr) Cr	Maturity
2007					
Associates or shareholder	-	58,790	75,000	-	2012
2006					
Associates or shareholder	7,320	1,695	-	-	-

The interest rates applicable to these credit facilities, excluding those arranged as participating loans, were EURIBOR plus a market spread of 100 basis points in 2007.

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

22.2. Remuneration of directors

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The Company's Board members earned total remuneration of EUR 7,061 thousand and EUR 4,096 thousand in 2007 and 2006, respectively, in the form of salaries and other compensation in kind.

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

In addition, in 2007 the Company's Board of Directors granted directors a total of 309,350 share options valued at EUR 300 thousand, which had not been exercised at 2007 year-end. In 2006 the directors were granted 269,000 share options valued at EUR 257 thousand, none of which have been exercised.

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

The exercise price of each option was EUR 20.82 in 2007 and EUR 18.57 in 2006 (see Note 18).

At 31 December 2007, the most significant information on the share options granted by the Company to its directors is summarised as follows:

	Number of Share Options	Exercise Price (Euros)	Beginning of Exercise Period	End of Exercise Period
Total Board of Directors	794,350			
Options granted in 2005	216,000	19.70	27/07/08	27/07/10
Options granted in 2006	269,000	18.57	26/07/09	25/07/11
Options granted in 2007	309,350	20.82	25/07/10	24/07/12

22.3. Remuneration of senior executives

The remuneration of the Company's General Managers and persons who discharge similar duties, excluding those who are also members of the Board of Directors, is summarised as follows:

Number of Employees		Total Remuneration (Thousands of Euros)	
2007	2006	2007	2006
18	18	6,787	5,889

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

In addition, there is an item of remuneration that is earned over more than one year the targets for which are not certain to be met; however, at 31 December 2007, the Company

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had recognised a provision that represents its best estimate at that date based on a conservative forecast.

999,348 share options for an amount of EUR 969 thousand were assigned to senior executives in 2007 and this amount is recognised under “Staff Costs”. These share options had not been exercised at the end of 2007.

22.4.Detail of operations at companies engaging in similar activities and performance, as independent professionals or as employees, of similar activities by the directors.

Pursuant to Article 127 ter.4. of the Spanish Companies Law and in connection with GESTEVISIÓN TELECINCO, S.A., it is hereby disclosed that at 31 December 2007, Giuseppe Tringali, Paolo Vasile, Giuliano Adreani, José Ramón Álvarez Rendueles, Pier Silvio Berlusconi, Fedele Confalonieri, Ángel Durández Adeva, Marco Giordani, Miguel Iraburu Elizondo, Alfredo Messina and Borja de Prado Eulat, members of the Board of Directors of GESTEVISIÓN TELECINCO, S.A., did not hold, and do not currently hold, any ownership interests in companies engaging in an activity that is identical, similar or complementary to the activity that constitutes the company object of GESTEVISIÓN TELECINCO, S.A.

Alejandro Echevarría Busquet:

Investee	Activity	Ownership Interest	Functions
Vocento, S.A.	Communications	0.1236 %	Director
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.1072 %	Director
Diario ABC, S.L.	Newspaper publishing	0.0002 %	Director

José M^a Bergareche Busquet:

Investee	Activity	Ownership Interest	Functions
Vocento, S.A.	Communications	0.006 %	First Deputy Chairman
Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.2780 %	Deputy Chairman

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Also, in accordance with the aforementioned Law, following is a detail of the activities carried out by the Company's directors at 31 December 2007, as independent professionals or as employees, at companies engaging in activities that are identical, similar or complementary to the activity that constitutes the company object of GESTEVISIÓN TELECINCO, S.A.:

Alejandro Echevarría Busquet:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
Diario El Correo, S.A.	Newspaper publishing	Independent professional	-	Director
Editorial Cantabria, S.A.	Newspaper publishing	Independent professional	-	Director
Agencia de Televisión Latino-Americana de Servicios y Noticias España, S.A.U.	News agency	Independent professional	-	Chairman
Publiespaña, S.A.U.	Advertising agency	Independent professional	-	Chairman

Giuliano Adreani:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
R.T.I. - Reti Televisive Italiane S.p.A.	Television operator	Independent professional	-	Director

José M^a Bergareche Busquet:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
Diario ABC, S.L.	Newspaper publishing	Independent professional	-	Director
Diario El Correo, S.A.U.	Newspaper publishing	Independent professional	-	Director
Radio Publi, S.L.	Radio	Independent professional	-	Chairman

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Pier Silvio Berlusconi:

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
R.T.I. - Reti Televisive Italiane S.p.A.	Television operator	Independent professional	-	Chairman/CEO

Marco Giordani

Name	Activity Performed	Type of Arrangement	Company through which the Activity is Performed	Positions or Functions at the Company Concerned
R.T.I. - Reti Televisive Italiane S.p.A.	Television operator	Independent professional	-	CEO

Also, in accordance with the aforementioned Law, it is hereby stated that Paolo Vasile, Giuseppe Tringali, José Ramón Álvarez Rendueles, Fedele Confalonieri, Ángel Durández Adeva, Miguel Iraburu Elizondo, Alfredo Messina and Borja de Prado Eulate have not performed and are not currently performing activities, as independent professionals or as employees, at companies engaging in business activities that are identical, similar or complementary to the activity that constitutes the company object of GESTEVISIÓN TELECINCO, S.A..

23. Events after the balance sheet date

Since 31 December 2007, the Parent has formally acquired 35.08% of the share capital of Pegaso Televisión INC., which in turn owns 83.34% of the share capital of CaribeVisión TV Network LLC. and 25% of CaribeVisión Holdings, INC., over which it also has a call option enabling it to acquire up to 83.34% of its share capital.

The acquisition price of the shares amounted to USD 31.7 million.

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

To this new business project Gestevisión Telecinco, S.A. is contributing its experience in managing television content and exploiting advertising resources in a market that is attractive due to the strong and increasing presence of a Spanish-speaking audience.

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Since 2007 year end, the Company has entered into an agreement with AGEDI (Intellectual Rights Management Association) whereby the two parties resolved the differences they had in the past and currently have in relation to the use of phonograms and the related consideration.

This transactional agreement, effective from 1 January 1990 to 31 December 2008, enabled the parties to conclude the various administrative and jurisdictional proceedings initiated against each other.

The amount of the aforementioned agreement is not substantially different from that of the provision recognised in the financial statements, and, accordingly, the related adjustment made in 2008.

24. 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 Group that conform with IFRSs may not conform with other generally accepted accounting principles.

Madrid, 27 February 2008

<hr/> Alejandro Echevarría Busquet	<hr/> Giuseppe Tringali	<hr/> Paolo Vasile	<hr/> Giuliano Adreani
<hr/> José Ramón Álvarez Rendueles	<hr/> José M ^a Bergareche Busquet	<hr/> Pier Silvio Berlusconi	<hr/> Fedele Confalonieri
<hr/> Ángel Durández Adeva	<hr/> Marco Giordani	<hr/> Miguel Iraburu Elizondo	<hr/> Alfredo Messina
<hr/> Borja de Prado Eulate			

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2007: CONSOLIDATION OF LEADERSHIP AND INTERNATIONAL EXPANSION IN A YEAR MARKING A CHANGE IN THE ECONOMIC CYCLE

If 2006 was the year that saw the consolidation of Telecinco in the principal business aggregates in the communications field (viewers, advertising billings, financial margins, cash flow generation and stock market capitalisation), and all in a much more competitive environment because it was the first full year in which the two new free-to-air television channels were operating, 2007 evidenced the solidity of Telecinco in its ability to stretch its leadership over the other channels in an economic climate that changed significantly in the second half of the year due to the crisis in the international financial markets. The future of the economy is difficult to predict but a slower growth rate and notable adjustments in certain key areas of the Spanish economy seem likely.

In this changing environment of greater global uncertainty, Telecinco was able once more to maintain its successful business model based on the efficient, flexible and innovative use of advertising space and a programming policy in tune with the public's taste, capable of combining the channel's traditional programmes that have made it the viewers' favourite over the last few years with new innovative formats that complement the more classical products. Additionally, many of the programmes launched successfully in 2007 were produced by the companies in which Telecinco decided to take a non-controlling interest, which shows that the Group was wise to adopt this business strategy that promotes cooperation with talented business people in the industry with the objective of obtaining successful TV products at a reasonable price.

The success of this business model, which is based on direct and constant contact with the public in order to understand and satisfy their needs and which the channel has been implementing for several years, is ratified by the audience share figures that yet again showed that Telecinco still continues to be by far the most popular channel in Spain in the various time slots most days a week. In 2007 it extended its lead over its main competitors both in terms of total audience as well as particular segments of key interest to advertisers.

However, in the end the yardstick of our business model is not so much the size of the audience or our share of the advertising market, important though these data are, but the profitability margins, net profit for shareholders and the generation of cash flows. In this respect Telecinco broke another record in 2007 with results that consolidate its position as one of the most profitable channels in the world.

All of this would have been impossible without the top-level management team – a reference in the industry – and the group of dedicated, expert and highly active employees.

Lastly, 2007 was the year in which Telecinco ventured beyond Spain, a fact which of itself is outstanding given the inherent difficulties of reproducing television business models in other countries and the scarcity of attractive investment opportunities capable of producing returns in the market.

In 2007, in association with the reference shareholder Mediaset through the Spanish company Mediacinco Cartera, S.L., in which it has an ownership interest of 75%, Telecinco acquired a stake in Endemol, the world's largest producer of TV content and formats, after a highly disputed bidding process organised by the production company's former owners. Mediacinco Cartera, S.L.,

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Goldman Sachs Capital Partners VI L.P. and Cyrté Fund II B.V., a Netherlands private equity firm, now hold equal ownership interests in Endemol.

After 31 December 2007, the Company also executed an agreement to acquire 29.2% of CaribeVisión TV Network LLC, a recently created Spanish-language channel in the United States focused on the east coast that is already broadcasting to New York, Miami and Puerto Rico.

THE WORLD ECONOMY IN 2007

In the second half of 2007 the world economy was rocked by the turmoil in the financial markets, which were seriously affected by sudden lack of confidence due to the aggressive distribution and large-scale grouping of high-risk assets (most notably the so-called "sub-prime" mortgages), which gave rise to increased risk premiums, significant restrictions on credit to individuals and corporations, a sudden halt in leveraged buy-outs that have been so common in recent years and, in the last instance, the need for the monetary authorities on both sides of the Atlantic to inject cash into the financial system to counteract the almost complete absence of liquidity due to the uncertainty and lack of confidence of market players.

Fortunately, Spanish banks do not seem to have been greatly affected by this turmoil which has seriously affected several large US and European banks, as seen in their results for 2007.

From the standpoint of the actual economy, 2007 ended with increased fears of a recession in the United States as a result of the collapse of the real estate market due to a sharp rise in interest rates between 2002 and 2006, the granting of mortgages for amounts in excess of the underlying and the restrictions on lending mentioned above. Thus, the available data show, at the very least, a significant slowdown in growth in the last quarter with a modest rise of 0.60% compared with 4.90% in the previous quarter, which led the US Federal Reserve to aggressively reduce interest rates to the current level of 3%, with the possibility of subsequent reductions after the date of preparation of these financial statements.

As far as Europe is concerned, the evolution of the economy on the basis of the quarterly figures shows a progressive slowdown which, year-on-year, meant a drop of almost one per cent from the first to the last quarter, whereas inflation rose sharply from 1.9% in 2006 to 3.2% in January 2008, the latest figure available.

However, despite the above, the European Central Bank opted not to reduce the benchmark interest rate, which has remained at 4%.

Focusing on the Spanish economy, at the date of preparation of these financial statements, the data available indicate that the economy continued to benefit from a lengthy growth cycle and expanded by 0.8% in the last quarter of 2007, leading to an annual increase in GDP of 3.8% (3.9% in 2006). Nevertheless, these figures cannot mask the fact that the business activity figures for January show a clear drop in consumption, the employment rate, car sales and, most notably, in the activity of the real estate industry, which suggests that in 2008 the economy will grow at a slower rate than in previous years with most estimates forecasting GDP growth of no more than 3%. Inflation has also risen in Spain with respect to 2006 year-end (2.7%), reaching 4.3% in January 2008, the latest available figure.

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These factors point to a macroeconomic climate for 2008 which advises caution and prudence rather than excessive optimism since the main driving forces behind the sustained growth of the Spanish economy both in the area of employment and contribution to GDP (real estate and consumption) are showing signs of weakness which, together with the projected evolution of the economy, suggest a reduction in growth, since it is unlikely that government spending and foreign trade will be able to fully compensate for the decline in the two aforementioned factors.

Based on the above and taking into account the close ties between the performance of the principal macroeconomic aggregates and advertising expenditure, attention will have to be paid to the evolution of the advertising market in 2008. The information and evidence available to date suggest that the television market will continue to grow, albeit at a more moderate rate than in prior years. However, it should be borne in mind that by definition it is a market that looks only to the short term and, therefore, it is practically impossible to predict performance for the year as a whole and the extent to which the trends in the main macroeconomic aggregates will affect it.

INCREASE IN ADVERTISING REVENUE

The television advertising market continued to grow by an estimated 8%-9% in 2007 (the definitive figure was not available at the date of preparation of these financial statements), a figure which indicates the importance of TV media for Spanish advertisers.

The Group's advertising revenue earned through Publiespaña, S.A.U. and Publimedia Gestión S.A.U. increased by 8.9% to EUR 1,051.8 million in 2007 as a result of the growing confidence of advertisers in the Company as a means of reaching the most valuable viewer segments. This growth was based on Telecinco's leadership in price (the Company was again the market leader in terms of price at a clear and still growing distance from the rest of its competitors), which arises from the service capacity and the wide range of products that the concession operator offers its advertisers, who are afforded an excellent commercial target, where Telecinco is also the market leader at a considerable distance from the rest of the broadcasters. Taking into account all of the foregoing, Telecinco has improved its position with respect to its main competitors.

AUDIENCE LEADERSHIP IN ALL TIME SLOTS

Telecinco ended 2007 as the undisputed leader in terms of total viewers throughout the day (maintaining this position for the fourth consecutive year) with a share of 20.3%, 2.9% ahead of Antena 3 (17.4%) and 3.1% ahead of TVE 1 (17.2%), widening the gap significantly in both cases with respect to the previous year and confirming the channel's leadership over its main competitors to record a historic difference in 2007. The channel's leadership is illustrated by the fact that it had the largest audience during 256 days in 2007, i.e. almost 70% of the year.

Telecinco also increased its leadership in practically all time slots, including prime time, where most of the advertising is concentrated. In this decisive slot, the gap between Telecinco (20.9% share) and its main competitors widened even more notably to again reach record levels (4.1% over Antena 3 and TVE 1, both with a share of 16.8% in prime time).

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Lastly, in 2007 Telecinco achieved its ninth consecutive annual victory in terms of commercial target (the most valued segment by advertisers and closely related to the capacity to increase prices) with a share of 22.5%. The network led this segment in every month of the year with a lead of 5.1 points over Antena 3 (17.4%) and of 9.1 over TVE 1 (13.4%).

With respect to 2006, Telecinco is the TV network with the best performance, despite the increase in competition, which once again demonstrates the network's ability to successfully adapt to the challenges of the new audiovisual environment.

SOLID AND STABLE PROGRAMMING, THE KEY TO SUCCESS

Telecinco's excellent audience figures are based on programming that is easily recognised by its viewers, with a range of products combining consolidated spaces with innovations of all types. Spanish and foreign fiction series, in-house productions, the strength of live broadcasts and Formula 1 were the pillars on which Telecinco once again built its success in 2007, a year in which the network dedicated more than 80% of its broadcasts to in-house productions together with already proven series and new formats to provide balanced, attractive and dynamic programming.

A STRATEGY OF INNOVATIVE CONTENT

Live broadcasts, in-house productions and innovative formats are the basic tools with which Telecinco faces up to the daily challenge of defending the dominant position that the viewers have afforded it.

In 2007 the channel also started to reap the rewards of the content strategy implemented shortly before by reaching agreements and forging strategic production alliances – including the acquisition of a non-controlling ownership interest – with new and established production companies in order to reinforce its access in the medium term to quality content at a reasonable price that will enable it to maintain its leadership in viewing figures and its operating margins.

Telecinco achieves a dual objective with this policy: on the one hand it guarantees its capacity to exploit successful formats on an ongoing basis and, on the other, it is fostering the creativity of young TV professionals. In all cases, as indicated above, the agreements have been supplemented by the acquisition of non-majority ownership interests in the production companies, through both Gestevisión Telecinco, S.A. and Atlas España S.A.

In 2007 Telecinco launched several formats produced by the companies with which it has entered into strategic agreements, with magnificent results, such as “La que se avecina”, “Hormigas Blancas”, “Dolce Vita”, “La Noria” and “Está pasando”, which achieved an audience share above the channel's average, and particularly “Escenas de Matrimonio”, undoubtedly one of the most outstanding and successful series of the year and proof of the wisdom of the strategic direction undertaken by the channel.

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TELECINCO, THE MOST PROFITABLE NETWORK IN EUROPE

Telecinco achieved significant improvements in all key financial variables in 2007, thereby securing for a further year its position as Europe's most profitable TV channel. This achievement is a direct consequence of its audience lead, Publiespaña's astute advertising sales strategy and the overall strength of the advertising market in a highly competitive business environment made up of national and regional channels as well as more recent private competitors with considerable economic resources to acquire programming content.

There were significant increases in the Group's results in 2007 with respect to 2006:

- Operating income increased by 8.4%, from EUR 998 million in 2006 to EUR 1,082 million in 2007
- Cost containment in 2007 was very satisfactory, since total operating expenses were only 6.9% higher than in 2006. As mentioned above, this was made possible by the network's strategy to guarantee valuable content at a reasonable price and for reasonable periods of time based on a fruitful association with suppliers and other key players in the programming strategy that valued positively the opportunity to associate themselves at medium term with the leading company in the industry.
- The profit from operations amounted to EUR 485.3 million in 2007, up 10.4% on 2006 (EUR 439.6 million). In terms of the percentage of operating income, profit from operations accounted for 44.9% in 2007 compared with 44.1% in 2006, a notable achievement taking into account the high initial percentage margin.
- Lastly, the net profit for the year totalled EUR 353.1 million in 2007.

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DIVIDENDS

In 2007 it was resolved at the Annual General Meeting of the Parent to pay an ordinary dividend of EUR 314 million out of the profit for 2006, i.e. EUR 1.28 per outstanding share.

In parallel and following the Company's policy of distributing to the shareholders in the form of an ordinary dividend the cash not needed in the Group's operations, the Board will propose to the shareholders at the AGM that an ordinary dividend of EUR 1.30 per outstanding share at 2007 year-end be paid.

INVESTMENTS IN RIGHTS AND FILMS

In 2007 Telecinco continued with its policy of investing in audiovisual rights, selecting carefully the types of production and content in order to maintain audience figures in the future and guarantee optimum use of advertising. Also, Telecinco placed particular emphasis on investing in Spanish series.

Special mention should be made of the business activities carried on by Telecinco Cinema S.A.U. (formerly Estudios Picasso, S.A.U., a company wholly owned by Gestevisión Telecinco, S.A., which co-produces the films that have to be made under current legislation, under which 5% of the operating income of concession operators must be invested in Spanish and European films.

In this context, in which investing in films arises as a result of a legal obligation and not from a decision freely taken by the network, Telecinco opted to undertake quality, ambitious projects in such a way that all were conceived with an international vocation through prestigious directors and actors with which to extend the economic potential of the productions to beyond Spain (something that Spanish cinema lacks, with certain very specific exceptions). It also sought to stimulate the Spanish film market with attractive productions capable of combining talent, profitability and opportunities for our most outstanding or promising professionals. In this way, Telecinco attempts to make its investments profitable and produce films that combine quality with commercial potential, all under the distinctive label of the network.

If 2006 was the year of "Alatriste" and "Pan's Labyrinth", two top quality productions with excellent box office results and international sales which also received the approval of the critics, winning several important awards and nominations (Pan's Labyrinth obtained no fewer than three Oscars at the 79th edition of the Academy Awards, making it the foreign film with the fifth highest box office takings in the history of North American cinema), 2007 was the year of "The Orphanage", co-produced by Telecinco Cinema, a film that was a critical as well as a box office success thanks to its artistic worth and combination of quality and commercial potential, Telecinco's hallmark in this field.

INTERNATIONAL EXPANSION

In 2007, in association with the reference shareholder Mediaset through Mediainco Cartera, S.L., and jointly with two prestigious private equity firms through a consortium that submitted the successful bid in the auction organised by the owner Telefónica, Telecinco acquired 75% of the shares of Endemol, one of the largest audiovisual producers in the world for which other

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consortiums made up of some of the most important companies in the industry and some of our closest direct or indirect competitors, made bids.

Through this acquisition Telecinco aims, through the logic of the industry, to obtain access to worldwide content thanks to Endemol's international presence and operations in conventional and digital TV formats, which are fundamental for the future development of the industry. Endemol is also active in two of the most innovative and dynamic markets (United States and United Kingdom), which enables it to assess the trends of the industry from a privileged position and use its proven creative know-how. Lastly, Endemol is well-run company with sound finances and, therefore, significant growth potential, which we believe justifies our investment in terms of creating industrial and economic value in the future.

After the balance sheet date, Telecinco sealed an agreement to acquire, through Pegaso Televisión Inc., an ownership interest of 29.2% in the US Spanish-language channel CaribeVisión TV Network LLC which, for the time being, broadcasts on the east coast of the United States. This is still a small-scale project since CaribeVisión TV Network LLC started operating only six months ago but it is undoubtedly strategically important since it represents a firm commitment to the burgeoning Hispanic segment of the US population whose economic importance is already evident in advertising revenue and relative significance in the US economy with growth that is far above the US average. Telecinco wishes to contribute its business vision and know-how to the industry so that, together with its prestigious and experienced partners in this business venture, it may participate from the outset in what seems to be a highly attractive television business in terms of growth and future profitability.

Although the Spanish market is and will continue to be Telecinco's fundamental business, through these two carefully selected international transactions, the aim is for the Company and its shareholders to benefit from the business opportunities outside Spain that may strengthen its business at medium term.

DIGITAL TELEVISION

In 2004 Telecinco completed its total technical digitalisation process and started to broadcast two new digital channels with in-house programming from November 2005 onwards, which it continued in 2006 and 2007. These two new digital channels serve to complement the analogue broadcasts of Telecinco and endeavour to offer, within the limitations brought about by the penetration of digital terrestrial TV that are evident at the present time, alternative programming to that offered by Telecinco.

At the date of preparation of these financial statements, Telecinco had modified the content of its two non-simulcast channels to create Telecinco Dos, a general interest channel that complements the main channel and offers a variety of news, reality shows and sports programmes; "Factoría de Ficción Telecinco", which uses a well-known brand in the industry and broadcasts the channel's series and fiction programmes; and "CincoShop", a TV shopping thematic channel.

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STABLE SHARE PERFORMANCE

2007 was a complicated year for the world's stock markets. The effect of the economic uncertainty brought about by credit restrictions, which began in August, and by the problems in the US sub-prime mortgage market affected all companies' share prices.

As a result of this situation, the maximum price recorded by Telecinco's shares was in the first part of the year whereas the minimum price was registered at the end.

The media industry suffered more than others in 2007. Telecinco in particular lost 18.9% of its value during the year, which means that at 2007 year-end its capitalization was EUR 4,318.7 million (EUR 17.51 per share), an appreciation of 72.5% since the admission to trading in June 2004.

The effective volume of trading reached the figure of EUR 6,601.8 million, equal to 326.5 million shares.

The share price peaked on 23 April (EUR 23.01 per share) and reached a minimum on 28 December (EUR 17.51).

TREASURY SHARES

In 2007, pursuant to the authorisation given by the shareholders in this connection, the Company acquired treasury shares to cover the share options granted to directors and executives, which remain outstanding.

At the end of the year the Company had acquired 3,014,813 treasury shares which cover in full the share option plans for 2005 and 2007, whereas a portion of the plan for 2006 has yet to be covered.

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FINANCIAL RISK HEDGING

The Company arranges foreign currency hedges for foreign currency transactions (mainly purchases of rights on outside productions). The purpose of these hedges is to avoid the impact on the income statement of exchange rate fluctuations on accounts payable arising from such transactions and, for this purpose, foreign currency is bought for the value of the accounts payable up until the projected dates of payment. These hedges are arranged when the rights are recognised in the Company's assets.

BUSINESS OUTLOOK FOR THE COMPANY

In 2008 the Company will attempt to further improve the television business model that has enabled Telecinco to become the industry leader in the Spanish market. Against a backdrop of very rapid development, Telecinco will work with a pioneering vocation on the continuation of the experimentation and start-up of content for new media such as mobiles, the Internet or cable TV, ADSL and DVBH.

Therefore, one of its principal strategic objectives will be to retain this position of leadership in its traditional business, in terms of both viewing figures (with particular emphasis on the most attractive targets from the advertising standpoint) and the economic optimisation of advertising space through the exclusive concession operator Publiespaña, S.A.U.

It will also continue the by now traditional and successful cost containment policy that has yielded such good results, without this leading in any case to a loss of opportunities in the development of the business towards new media. Telecinco will thus seek to maintain and, to the extent possible, increase the operating and financial profit margins and its cash flow generating capacity, since all these factors constitute parameters for measuring the financial and operating efficiency of the Company, which is unrivalled in the industry.

One of the main ways of achieving development will focus on the broadcasting of Digital Terrestrial Television (DDT) through the two new channels Telecinco Dos and FDF, and that which already existed. In this regard, the Company's strategy consists of scheduling the best content, attempting always to achieve the best possible balance between costs, the potential viewers and the possibility of attracting advertising.

Work will also continue on the production strategy first implemented in 2006 consisting of actively co-operating under medium-term agreements with the companies in which non-controlling ownership interests have been acquired, since it is considered that this line of action will benefit the network because it guarantees the talent and capacity to produce successful formats at reasonable prices and to the mutual benefit of both the network and the executive producers with which the Company has formed associations using this formula.

Consideration should also be given to the Company's Internet strategy, which in 2007 involved the acquisition of all the shares of Conecta 5 Telecinco, S.A.U. which uses the network's content on the Internet, thus affording the Company control and complete management capacity over such content. The Telecinco website was also completely overhauled at the beginning of 2008 with a view to achieving a greater integration and closer relationship with the network's TV content.

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Lastly, matters related to R&D, events after the balance sheet date and the use of derivative financial instruments can be found in sections XX, XX and XX of the notes to the financial statements.

SOCIAL RESPONSIBILITY

The increasing importance that companies attach to social responsibility is of particular significance at Telecinco because it is a mass media company. More and more companies are earmarking a portion of their human and economic resources to this area.

The various initiatives implemented by Telecinco include most notably "12 meses, 12 causas" (12 months, 12 causes) because it harnesses its greatest potential: the capacity of a leading television network such as Telecinco to reach a large number of viewers. "12 meses, 12 causas" is a social awareness project created to inform and make the network's viewers more aware of the social issues that currently have the greatest impact. To this end, Telecinco produces and broadcasts a spot each month every day and in all time slots with a specific message that seeks to gain the support and involvement of the viewers. Accordingly, Telecinco puts a sizeable potential source of revenue, i.e. its limited advertising space, to work on behalf of society.

In addition, in order to reach a young group of the population and to develop each cause in the best possible way, "12 meses, 12 causas" also conveys the messages through the network's programmes, the website www.12meses12causas.com and special actions in alternative media that provide for a greater degree of interactivity with the viewers.

Furthermore, as part of this project, the Telecinco 12 meses 12 causas awards have been created, which in 2007 saw the fourth edition in acknowledgment of the work of all companies and people who have most contributed to finding solutions for peace, development and solidarity.

At internal level, meanwhile, in 2007 Telecinco made a clear commitment to the professional development of its employees via, among other initiatives, training courses and programmes. In this regard, it should be noted that at 2007 year-end Telecinco had executed agreements with 43 educational institutions for traineeships at the network, reaching the figure of 325 trainees in 2007. Noteworthy also were the 32,424 hours of employee training given in 2007.

SHARE CAPITAL STRUCTURE

The Company's share capital totals EUR 123,320,928.00, made up of 246,641,856 shares of the same class represented by book entries and with a par value of EUR 0.50 each.

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

RESTRICTIONS ON THE TRANSFERABILITY OF THE SHARES

There are no restrictions on the transferability of the shares except as provided in Article 21 of Private Television Law, 10/1988, of 3 May, pursuant to which:

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

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

SIGNIFICANT OWNERSHIP INTERESTS IN THE SHARE CAPITAL

At 21 February 2008, the significant direct and indirect ownership interests in the Company were as follows:

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Name	Direct %	Indirect %	% of Total	Date of Entry in CNMV Register
Barclays Global Investors UK Holdings Ltd.	0.000	5.063	5.063	19/06/07
Berlusconi, Silvio	0.000	50.135	50.135	27/01/06
Chase Nominees, Ltd.	5.395	0.000	5.395	28/05/07
Corporación de Nuevos Medios Audiovisuales, S.A.	13.000	0.000	13.000	30/06/04
Fidelity International Limited	0.000	1.076	1.076	05/02/08
Harris Associates L.P.	5.038	0.000	5.038	02/03/07
Mediaset Investimenti, S.p.A.	50.135	0.000	50.135	27/01/06
Vocento, S.A.	0.000	13.000	13.000	12/08/04

RESTRICTIONS ON VOTING RIGHTS

There are no restrictions on voting rights. Each share carries the right to one vote.

SHAREHOLDER AGREEMENTS

There are no shareholder agreements currently in force.

RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE MANAGING BODY AND TO THE AMENDMENT OF THE COMPANY'S BYLAWS

A) Rules applicable to the appointment and replacement of directors.

Article 41 of the Company bylaws:

1. Directors shall be appointed pursuant to a resolution of the shareholders at the General Meeting, adopted in accordance with the requirements of Article 102 of the Spanish Companies Law.
2. Notwithstanding the foregoing, the designation of directors through the proportional system referred to in Article 137 of the Spanish Companies Law is duly safeguarded.
3. In the event of a vacancy during the term for which the directors were appointed, the Board may appoint a shareholder to occupy the position until the earliest General Meeting.

Article 54 of the Company bylaws:

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

Article 55.-Removal of directors

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

B) Rules applicable to the amendment of the Company's bylaws.

Article 34.- Adoption of resolutions

1. Resolutions shall be adopted at Annual General Meetings or at Extraordinary General Meetings with the majorities required under the Spanish Companies

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Law. Every share with voting rights present or represented at the General Meeting shall carry one vote.

2. The majority required to approve resolutions shall be one half plus one of the shares with voting rights present or represented at the General Meeting. Larger majorities required under the Law or under these bylaws shall be duly safeguarded.

POWERS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND, IN PARTICULAR, THOSE RELATING TO THE POSSIBILITY OF ISSUING OR REPURCHASING SHARES

A) Article 37 of the Company bylaws.- Management and supervisory powers

1. Except for matters reserved solely for the shareholders at the General Meeting, the Board of Directors is the Company's highest decision-taking body.
2. The Board of Directors has all the powers required to manage the Company. However, the management of the Company's ordinary business shall generally be entrusted to the related delegate body and to the management team and the Board of Directors shall concentrate on establishing the Company's general strategy and exercising general supervisory functions. In any case, decisions on the following matters are to be taken exclusively by the Board of Directors and may not be delegated:
 - a) Authorisation for issue of the financial statements, directors' report and proposed distribution of profit and consolidated financial statements and consolidated directors' report.
 - b) Appointment of directors by co-optation and proposals to the General Meeting for the appointment, ratification, re-election or removal of directors.
 - c) Designation and re-election of internal positions on the Board of Directors and members of committees.
 - d) Establishment of the remuneration of the members of the Board of Directors, to be proposed by the Appointments and Remuneration Committee.
 - e) Payment of interim dividends.
 - f) Decisions relating to all takeover bids launched for the securities issued by the Company.

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- g) Approval and amendment of the Board of Directors' Regulations governing internal organisation and functions.
- h) Preparation of the Annual Corporate Governance Report.
- i) Exercise of the powers delegated by the General Meeting when powers of substitution have not been established and the performance of any functions entrusted by the General Meeting.
- j) Conclusion of any agreement or establishment of any legal relationship between the Company and any shareholders (or companies belonging to the same group as the shareholder) with ownership interests of over five per cent and of an amount in excess of EUR 13,000,000.
- k) Conclusion of any agreement or establishment of any legal relationship between the Company and any third party valued at over EUR 80,000,000.
- l) Approval of annual budgets and, if applicable, strategic plans.
- m) Supervision of the investment and financing policy.
- n) Supervision of the shareholder structure of the Telecinco Group.
- o) Approval of the corporate governance policy.
- p) Supervision of the corporate social responsibility policy.
- q) Approval of the remuneration policy for executive directors for their executive functions and the main conditions that their contracts must fulfil.
- r) Assessment of the performance of the Company's executive directors.
- s) Monitoring, following the report of the Audit and Compliance Committee, of the risk control and management policy and the internal information and control systems.
- t) Approval of the Company's policy on treasury shares.
- u) Be informed of the removal and appointment of senior executives and their contract conditions.
- v) Approval at the proposal of the Audit and Compliance Committee, of the financial information that the Company must publish periodically.

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- w) Approval of the creation or acquisition of ownership interests in special-purpose entities or companies domiciled in countries or territories considered to be tax havens and any transactions or operations of a similar nature which, due to the complexity thereof, may adversely affect the Group's transparency.
 - x) Authorisation, following a favourable report of the Audit and Compliance Committee, of the related-party transactions that Telecinco may perform with directors or persons related to the directors or to significant shareholders, except for those which fulfil the following conditions: (i) they are applied in general to a group of customers and in accordance with standard conditions, (ii) they are performed at prices established in general terms by the supplier of the service or on an arm's length basis, (iii) the related amount does not exceed 1% of Telecinco's annual revenue. The directors affected by related-party transactions which, due to the nature thereof, are subject to a vote of the Board of Directors shall not attend the meeting and may not vote or delegate their vote.
 - y) Any other matters that the Board of Directors Regulations reserve for disclosure to the Board.
- B) Internal Code of Conduct (ICC) of Gestevisión Telecinco, S.A. and its group of companies for actions related to the securities markets.

RULES ON TRANSACTIONS WITH TREASURY SHARES

- A) Definition of transactions with treasury shares subject to the ICC

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

Transactions may be performed:

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

- B) Policy on treasury shares

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

- (C) General principles for transactions with treasury shares

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Transactions with treasury shares shall be performed in accordance with the following principles

1. Compliance with regulations

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

2. Objective

The fundamental objective of transactions with treasury shares shall be to provide investors with the appropriate amount of liquidity and depth of the securities and to minimise any possible temporary imbalances between market demand and supply. Under no circumstances shall the purpose of the transaction be to interfere in the free establishment of prices.

3. Transparency

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

4. Non-use of insider information

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

5. Neutrality in price setting

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

6. Intermediaries

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

7. Counterparty

The Telecinco Group companies shall refrain from performing purchase and sale transactions with Company shares in which the counterparty is one of the following persons or entities: (a) Telecinco Group companies, (b) the directors

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thereof, (c) their significant shareholders, or (d) interposed persons of any of the above. Similarly, the Telecinco Group companies may not simultaneously hold purchase and sale orders for Company shares.

8. Restrictions

Transactions with company shares shall not be performed during processes related to public offerings, takeover bids, mergers or other similar corporate operations unless otherwise expressly provided for in the prospectus of the particular operation. The Company shall also refrain from performing transactions with treasury shares during the closed periods established in Article 4.3.4 of this ICC.

9. Amendment

In the event of the urgent need to protect the interests of the Telecinco Group and its shareholders, the Chief Executive Officer or the Director of Regulatory Compliance may agree to temporarily amend or suspend the application of the foregoing regulations, of which the Board of Directors and the CNMV shall be informed.

D) Share option plans

Notwithstanding the foregoing, the rules established in Articles 9.1 to 9.3 of this Code shall not apply with respect to the acquisition of treasury shares to be subsequently transferred to the beneficiaries of the Company's share option plans approved by the Board of Directors or to the other transactions with treasury shares performed by the Company within the framework of a share repurchase programme. The aforementioned transactions shall be performed taking into account the particular characteristics thereof, the manner and the specific features established by the Board of Directors on approving the plans, which shall comply with the conditions established in the regulations implementing Article 81.4 of the Securities Market Law.

E) Designation and functions of the department responsible for the management of treasury shares

The General Management Department shall be responsible for managing the treasury shares.

1. Special duty of confidentiality

The persons that form part of the General Management Department shall be subject to a special duty of confidentiality with respect to the strategy and transactions with treasury shares.

2. Functions

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The Department shall be responsible for:

- a) Managing the treasury shares in accordance with the general principles established in the ICC and those determined by Telecinco Group's managing bodies.
- b) Monitoring the evolution of the Telecinco Group's shares and informing the Director of Regulatory Compliance of any significant changes in the share price which cannot reasonably be attributed to market movements.
- c) Keeping a record of all the transactions with treasury shares ordered and performed at the disposal of the Director of Regulatory Compliance, the Board of Directors or any other persons designated by the Board.
- d) Establishing relationships with all the regulatory bodies required in order to correctly comply with the provisions of this ICC.
- e) Preparing a report on the department's activities every quarter, or whenever required to do so.
- f) Informing the Director of Regulatory Compliance of any significant incident arising from the management of the treasury shares.

SIGNIFICANT AGREEMENTS THAT DEPEND ON THE CHANGE IN CONTROL OF THE COMPANY

None.

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COMPANY AGREEMENTS WITH DIRECTORS AND EXECUTIVES PROVIDING FOR SPECIAL INDEMNITIES

Position	Guarantee or Golden Parachute Clauses
General Manager	<u>Termination of the contract by the Company</u> (except justified dismissal): (replacing the related legal indemnity unless the latter is higher) Termination between 24/04/02 and 31/12/07: 24 months' salary Termination between 2008 and 2011: 18 months' salary Termination in subsequent years: 12 months' salary
General Manager	Indemnity system: a) <u>Termination due to resignation</u> : accrual per year: fixed annual salary+annual bonus/13.5, the total indemnity being the total years worked b) <u>Justified and unjustified dismissal</u> : legal indemnity + indemnity set forth in a)
General Manager	Termination of the contract for reasons attributable to the Company or the suspension, modification or restriction of the Manager's functions by the Company: <u>the greater of the following indemnities shall be received</u> : A) Indemnity starting at EUR 1,020,000, decreasing monthly by EUR 34,000 for 30 months after execution (30/01/06) to reach zero. B) Indemnity equal to 12 months' current salary.
General Manager	Termination of the contract by the Company (except justified dismissal) <u>Years of service from 22/01/01 to 31/12/04</u> : 7 days' salary per year up to a maximum of 6 months or 20 days' salary up to a maximum of 12 months, depending on the reason for the termination. <u>Years of service from 01/12/05</u> : 45 days' salary per year up to a maximum of 12 months. The salary base used for the calculation shall be the fixed salary plus the variable salary (with a minimum of EUR 30,000 in this connection).

Madrid, 27 February 2008

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Alejandro Echevarría Busquet

Giuseppe Tringali

Paolo Vasile

Giuliano Adreani

José Ramón Álvarez Rendueles

José M^a Bergareche Busquet

Pier Silvio Berlusconi

Fedele Confalonieri

Ángel Durández Adeva

Marco Giordani

Miguel Iraburu Elizondo

Alfredo Messina

Borja de Prado Eulate