

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

Financial Statements and Directors' Report for  
2015, together with Auditors' Report

*Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain and of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.*

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.*

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the shareholders of Promotora de Informaciones, S.A.,

### **Report on the financial statements**

We have audited the accompanying financial statements of Promotora de Informaciones, S.A., which comprise the balance sheet as at 31 December 2015, and the income statement, statement of changes in equity, statement of cash flows and notes to the financial statements for the year then ended.

#### *Directors' responsibility for the financial statements*

The directors are responsible for preparing the accompanying financial statements so that they present fairly the equity, financial position and results of Promotora de Informaciones, S.A. in accordance with the regulatory financial reporting framework applicable to the Company in Spain (identified in Note 2-a to the accompanying financial statements) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

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

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

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

*Opinion*

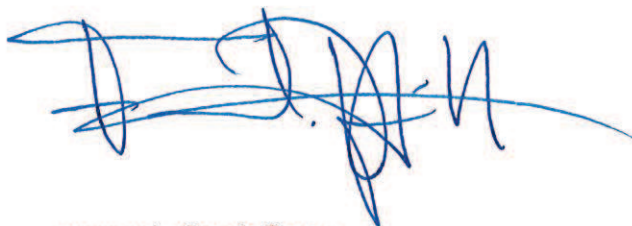
In our opinion, the accompanying financial statements present fairly, in all material respects, the equity and financial position of Promotora de Informaciones, S.A. as at 31 December 2015, and its results and its cash flows for the year then ended in accordance with the regulatory financial reporting framework applicable to the Company and, in particular, with the accounting principles and rules contained therein.

**Report on other legal and regulatory requirements**

The accompanying directors' report for 2015 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the directors' report is consistent with that contained in the financial statements for 2015. Our work as auditors was confined to checking the directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Promotora de Informaciones, S.A.

DELOITTE, S.L.

Registered in ROAC under no. S0692

A handwritten signature in blue ink, appearing to be 'Fernando García Beato', written in a cursive style.

Fernando García Beato

February 26, 2016

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

Individual Financial Statements and Directors' Report for 2015

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

Individual Financial Statements for 2015

**PROMOTORA DE INFORMACIONES, S.A. (PRISA)**  
**BALANCE SHEETS AT 31 DECEMBER 2015 AND 31 DECEMBER 2014**  
(in thousands of euros)

ASSETS	12/31/15	12/31/14	EQUITY AND LIABILITIES	12/31/15	12/31/14
<b>A) NON-CURRENT ASSETS</b>	<b>2,074,934</b>	<b>2,337,502</b>	<b>A) EQUITY (Note 8)</b>	<b>(430,044)</b>	<b>(540,870)</b>
I. INTANGIBLE ASSETS (Note 5)			A-1) Shareholders' equity	(430,175)	(563,305)
1. Computer software	983	1,798	I. SHARE CAPITAL	235,008	215,808
2. Advances and intangible assets in progress	66	-	II. SHARE PREMIUM	1,371,299	1,328,671
II. PROPERTY, PLANT AND EQUIPMENT (Note 6)			III. OTHER EQUITY INSTRUMENTS	46,408	46,408
1. Other fixtures and furniture	823	839	IV. RESERVES	(2,075,342)	(1,238,380)
2. Other items of property, plant and equipment	145	185	1. Legal and bylaw reserves	17,220	17,220
III. NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)			2. Other reserves	102,502	26,769
1. Equity instruments	1,715,568	1,836,250	3. Loss from previous years	(2,195,064)	(1,282,369)
2. Loans to companies	1,585,717	1,510,538	V. TREASURY SHARES	(2,386)	(3,116)
IV. NON-CURRENT FINANCIAL ASSETS (Note 7.1)			VI. PROFIT (LOSS) FOR THE YEAR	(5,162)	(912,696)
1. Equity instruments	1,059	155,557	<b>A-2) Value adjustments</b>	<b>131</b>	<b>22,435</b>
2. Other financial assets	1,046	155,544	I. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 7.1)	131	22,435
V. DEFERRED TAX ASSETS (Note 9)	356,501	343,058	<b>B) NON-CURRENT LIABILITIES</b>	<b>1,987,987</b>	<b>3,026,169</b>
<b>B) CURRENT ASSETS</b>	<b>427,356</b>	<b>1,096,232</b>	I. LONG-TERM PROVISIONS (Note 11)	111,135	385,077
I. NON-CURRENT ASSETS HELD FOR SALE (Note 7.2)	-	719,086	II. NON-CURRENT PAYABLES (Note 7.3)	1,751,785	2,490,304
II. TRADE AND OTHER RECEIVABLES			1. Bank borrowings	1,751,785	2,490,301
1. Trade receivables for services	25,919	40,873	3. Other financial liabilities	-	3
2. Receivable from Group companies and associates	23,115	37,575	III. NON-CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Note 7.3)	113,236	118,574
3. Employee receivables	17	42	IV. DEFERRED TAX LIABILITIES (Note 9)	11,231	32,214
4. Tax receivables (Note 8)	2,123	531	<b>C) CURRENT LIABILITIES</b>	<b>944,947</b>	<b>948,435</b>
5. Other receivables	664	1,630	I. CURRENT PAYABLES (Note 7.3)	883	12,011
III. CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES (Note 7.1)			1. Bank borrowings	780	3,894
1. Loans to companies	46,391	152,075	2. Derivatives	-	721
2. Other financial assets	-	1	3. Other financial liabilities	103	7,396
IV. CURRENT FINANCIAL INVESTMENTS (Note 7.1)			II. CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES (Note 7.3)	921,921	910,056
1. Other financial assets	101,522	111,326	III. TRADE AND OTHER PAYABLES	22,143	26,368
V. CURRENT PREPAYMENTS AND ACCRUED INCOME	2,309	3,318	1. Payable to suppliers (Note 14)	56	56
VI. CASH AND CASH EQUIVALENTS (Note 7.5)	251,215	69,555	2. Payable to suppliers - Group companies and associates (Note 14)	257	371
1. Cash	251,215	69,555	3. Sundry accounts payable (Note 14)	15,704	21,305
<b>TOTAL ASSETS</b>	<b>2,502,290</b>	<b>3,433,734</b>	4. Remuneration payable	5,035	4,031
			5. Tax payables (Note 9)	1,091	605
			<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,502,290</b>	<b>3,433,734</b>

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

**PROMOTORA DE INFORMACIONES, S.A. (PRISA)**  
**INCOME STATEMENTS FOR 2015 AND 2014**  
**(in thousands of euros)**

	2015	2014
<b>A) CONTINUING OPERATIONS</b>		
1. Revenue		
a) Services (Note 15)	11,417	15,376
b) Income from equity investments (Note 15)	10,058	18,231
2. Other operating income	286	410
3. Staff costs		
a) Wages, salaries and similar expenses	(13,107)	(9,973)
b) Employee benefit costs (Note 10)	(1,180)	(1,537)
4. Other operating expenses		
a) Outside services	(18,232)	(29,365)
b) Taxes other than income tax	(132)	(82)
c) Impairment and other losses	(102)	(4)
5. Depreciation and amortization charge (Notes 5 and 6)	(942)	(1,319)
<b>PROFIT/LOSS FROM OPERATIONS</b>	<b>(11,934)</b>	<b>(8,263)</b>
6. Finance income		
a) From loans to Group companies and associates (Note 15)	3,806	9,424
b) Other finance income	45,913	200,646
c) Profits on disposal of holdings (Note 7.1)	38,653	17,161
7. Finance costs and similar expenses:		
a) On debts to Group companies (Note 15)	(5,912)	(7,044)
b) On debts to third parties and similar expenses	(134,646)	(186,454)
8. Change in fair value of financial instruments	726	1,131
9. Exchange differences	(137)	(9)
10. Impairment of financial instruments		
a) Impairment and other losses (Notes 7.1 and 11)	(10,536)	(62,599)
<b>FINANCIAL LOSS</b>	<b>(62,133)</b>	<b>(27,744)</b>
<b>LOSS BEFORE TAX</b>	<b>(74,067)</b>	<b>(36,007)</b>
11. Income tax (Note 9)	72,215	(82,784)
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>(1,852)</b>	<b>(118,791)</b>
<b>B) DISCONTINUED OPERATIONS (Notes 7.1 and 7.2)</b>	<b>(3,310)</b>	<b>(793,905)</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>(5,162)</b>	<b>(912,696)</b>

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the income statement for 2015

Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 1 and 20). In the event of a discrepancy, the Spanish-language version prevails.

**PROMOTORA DE INFORMACIONES, S.A.**

**STATEMENT OF COMPREHENSIVE INCOMES AND EXPENSES FOR 2015 AND 2014**

(in thousands of euros)

	12/31/15	12/31/14
<b>A) Profit/(Loss) per income statement</b>	<b>(5.162)</b>	<b>(912.696)</b>
Income and expense recognized directly in equity	(32)	22.435
Arising from revaluation of financial instruments	(43)	31.160
Tax effect	11	(8.725)
<b>B) Total income and expense recognized directly in equity</b>	<b>(5.194)</b>	<b>(890.261)</b>
Transfers to profit or loss	(22.272)	-
Arising from revaluation of financial instruments	(30.933)	-
Tax effect	8.661	-
<b>C) Total transfers to profit or loss</b>	<b>(22.272)</b>	<b>-</b>
<b>TOTAL RECOGNIZED INCOME AND EXPENSE</b>	<b>(27.466)</b>	<b>(890.261)</b>

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the statement of comprehensive incomes and expenses for 2015



PROMOTORA DE INFORMACIONES, S.A.  
TOTAL STATEMENT OF CHANGES IN EQUITY FOR 2015 AND 2014  
(in thousands of euros)

	Share capital	Share premium	Other Equity Instruments	Legal reserve	Statutory reserves	Revaluation reserves	Reserves for treasury shares	Reserves for retired capital	Reserves for merger	Voluntary reserves	Loss from previous years	Reserves for variation in financial assets	Reserves for first-time application of the new Spanish national chart of accounts	Reserves	Treasury shares	Profit (Loss) for the year	Equity
<i>(in thousands of euros)</i>																	
Balance at December 31 2013	105,266	781,815	527,695	5,335	11,885	13,939	518	1,495	(85,639)	123,569	(685,793)	-	6,873	(607,818)	(518)	(596,576)	209,864
<b>I. Total recognized income and expense</b>																	
1. Profit (Loss) for de year																(912,696)	(912,696)
2. Valuation of financial instruments												22,435		22,435			22,435
<b>II. Transactions with shareholders or owners</b>																	
1. Capital Increases																	
- Share Capital	110,542	505,281															110,542
- Share Premium		41,575															41,575
2. Conversion of financial liabilities into equity																	
3. Issuance of equity instruments																	
4. Conversion of equity instruments into shareholder's equity																	
5. Distribution of 2013 profit																	
- Loss from previous years																596,576	(596,576)
6. Treasury share transactions																	
- Delivery of treasury shares																	
- Purchase of treasury shares										2,500					2,500		2,500
- Sales of treasury shares										(4,935)					(4,935)		(4,935)
- Provision for treasury shares										163					163		163
<b>III. Other changes in equity</b>																	
- Other			153							(440)							(287)
Balance at December 31 2014	215,808	1,328,671	46,409	5,335	11,885	13,939	3,116	1,495	(85,639)	86,984	(1,282,369)	22,435	6,873	(1,215,946)	(6,116)	(912,696)	(540,870)
<b>I. Total recognized income and expense</b>																	
1. Profit (Loss) for de year																(5162)	(5,162)
2. Valuation of financial instruments												(32)		(32)			(32)
<b>II. Transactions with shareholders or owners</b>																	
1. Capital Increases																	
- Share Capital	19,200	42,627															19,200
- Share Premium																	42,627
2. Conversion of financial liabilities into equity																	
3. Issuance of equity instruments																	
4. Conversion of equity instruments into shareholder's equity																	
5. Distribution of 2014 profit																	
- Loss from previous years																	
6. Treasury share transactions																	
- Delivery of treasury shares																	
- Purchase of treasury shares										2,977					2,977		2,977
- Sales of treasury shares										(2,485)					(2,485)		(2,485)
- Provision for treasury shares										(238)					(238)		(238)
<b>III. Other changes in equity</b>																	
- Other										75,973							75,973
Balance at December 31 2015	235,008	1,371,298	46,409	5,335	11,885	13,939	2,866	1,495	(85,639)	163,449	(2,195,065)	131	6,873	(2,075,211)	(2,386)	(5,162)	(430,044)

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the total statement of changes in equity for 2015

**PROMOTORA DE INFORMACIONES, S.A.**  
**STATEMENTS OF CASH FLOWS FOR 2015 AND 2014**  
(in thousands of euros)

	2015	2014
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>1. Loss for the year before tax</b>	<b>(77.377)</b>	<b>(829.912)</b>
<b>2. Adjustments for</b>	<b>125.232</b>	<b>721.952</b>
a) Depreciation and amortization charge (+)	942	1.319
b) Impairment of non-current financial assets (+/-)	10.536	856.504
Impairment losses recognised for financial assets	3.365	837.059
Period provisions for contingencies and charges	7.171	19.445
c) Finance income (-)	(89.123)	(228.368)
d) Finance costs (+)	140.720	193.512
e) Dividends received	(10.058)	(18.231)
f) Income tax	72.215	(82.784)
<b>3. Changes in working capital</b>	<b>(28.475)</b>	<b>265.105</b>
a) Trade and other receivables (+/-)	14.729	(2.445)
b) Current prepayments and accrued income	1.009	504
c) Current financial assets	45.000	177.519
d) Trade and other payables (+/-)	(24.861)	(9.773)
e) Change in deferred taxes (+/-)	(64.352)	99.300
<b>4. Other cash flows from operating activities</b>	<b>(60.711)</b>	<b>(202.935)</b>
a) Interest paid (-)	(36.057)	(40.118)
b) Dividends received (+)	10.948	18.231
c) Interest received (+)	6.790	6.921
d) Income tax recovered (paid) (+/-)	(2.299)	3.598
e) Other amounts received (paid) relating to operating activities (+/-)	(40.093)	(191.567)
<b>5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)</b>	<b>(41.331)</b>	<b>(45.790)</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
6. Payments due to investment (-)	(113)	(14)
7. Proceeds from disposal (+)	843.899	482.888
<b>8. Cash flows from investing activities (7-6)</b>	<b>843.786</b>	<b>482.874</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
9. Proceeds and payments relating to equity instruments	60.758	100.304
10. Proceeds and payments relating to bank borrowings	(784.102)	(577.979)
11. Proceeds and payments relating to borrowings from Group companies	105.288	34.925
12. Proceeds and payments relating to other financing activities	(2.739)	-
<b>13. Cash flows from financing activities (+/-9+/-10-11-12)</b>	<b>(620.795)</b>	<b>(442.750)</b>
<b>D) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C)</b>	<b>181.660</b>	<b>(5.666)</b>
Cash and cash equivalents at beginning of year	69.555	75.221
Cash and cash equivalents at end of year	251.215	69.555

The accompanying Notes 1 to 20 and Appendices I and II are an integral part of the statement of cash flows for 2015

## PROMOTORA DE INFORMACIONES, S.A. (PRISA)

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR 2015

#### 1.- COMPANY ACTIVITIES AND PERFORMANCE

##### a) Company activities

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

In view of the business activity carried on by the Company, it does not have any environmental liabilities, 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 financial statements.

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

The Group's consolidated financial statements for 2014 were approved by the shareholders at the Annual General Meeting held on April 20, 2015.

The consolidated financial statements for 2015 were authorized for issue by the Company's Directors on February 26, 2016.

These financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates.

Shares of Prisa are admitted to trading on the continuous market of the Spanish Stock Exchanges (Madrid, Barcelona, Bilbao and Valencia) and until September 22, 2014, on the New York Stock Exchange.

##### b) Evolution of the financial structure of the Company and the Prisa Group

In December 2013, the Company signed an agreement to refinance its financial debt which involved maturity date extensions; greater flexibility in the process of debt reduction and an improvement in its liquidity profile (*see Note 7.3*).

This improvement in its liquidity profile was the result of obtaining an additional credit line arranged with certain institutional investors which was provided in full and cancelled in

2015 using part of the funds from the sale of 56% of DTS, Distribuidora de Televisión Digital, S.A. (“DTS”) (see Note 7.3).

The refinancing agreement included a series of commitments to reduce Tranche 3 debt for 2015 and 2016 which, at December 31, 2015, have been fulfilled in advance, in such a way that the next relevant financial commitment is to fall due in 2018, when Tranche 2 falls due (see Note 7.3).

In 2014 and 2015, the company paid off a total of EUR 1,610,590 thousand using the following transactions:

- EUR 844,166 thousand with the proceeds from the sale of 17.3% de Mediaset España Comunicación, S.A. (“Mediaset España”). In 2014, 13.68% of the company was sold and debt of EUR 643,542 thousand was paid off, with an average discount of 25.7%, and in 2015 an additional 3.63% of the company was sold, cancelling EUR 200,624 thousand of debt with an average discount of 18.3%.
- EUR 621,779 thousand, with part of the funds obtained through the settlement of the sale of 56% of DTS in 2015. Of the total cancelled debt, EUR 385,542 thousand corresponded to the credit line obtained in 2013. In accordance with the refinancing contract, debt of EUR 96,686 thousand was cancelled at an average discount of 12.9% along with EUR 139,551 thousand at par value.
- EUR 133,133 thousand, with the funds obtained from the increase in capital subscribed by Consorcio Transportista Occher, S.A. de C.V. (“Occher”) in 2014, at a discount of 25%.
- EUR 11,512 thousand with funds from the sale of the trade publishing business in 2014.

During 2015, the Company continued to strengthen its capital structure by increasing the capital subscribed and fully paid up by International Media Group S.à.r.l., in an amount of EUR 64,000 thousand.

This transaction made a significant contribution to re-establishing Prisa’s equity on December 31, 2015, which had in the past been affected by losses from registering the sales agreement of 56% of DTS which automatically converted Tranche 3 debt into participating loans, as shown in the Group’s financing agreements (see Note 7.3).

At December 31, 2015, the equity of the Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain’s Corporate Enterprises Act (including participating loans outstanding at year end) stood at EUR 166,886 thousand, more than two thirds of total share capital.

In addition, in January 2016, Prisa arrived at an agreement to issue bonds mandatorily convertible into ordinary shares through swapping the financial debt in a minimum of EUR 100,185 thousand, for which there is an irrevocable commitment to subscribe, and a maximum of EUR 150,000 thousand (see Note 19).

This agreement is subject to the approval of the Annual General Meeting, and to obtaining certification issued as a special report for the Company's Auditor pursuant to the Corporate Enterprises Act and the mandatory report from an Auditor other than the company Auditor and appointed for that purpose by the Registry of Companies and the provision that there should be no material change in the financial situation of Prisa nor any suspension of or material change in the company's share price. The approval from company's creditors under existing financial commitments was obtained as of February, 2016.

In 2016, Prisa also continued with its debt reduction process, having agreed in February to repurchase a total of EUR 65,945 thousand of debt, using for this purpose funds from the sale of shares in DTS, with a discount of 16.02% (*see Note 19*).

## **2.- BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

### **a) Fair presentation**

The accompanying financial statements for 2015, which were obtained from the Company's accounting records, are presented in accordance with Royal Decree 1514/2007, of November 16, approving the Spanish National Chart of Accounts and the modifications included in Spanish GAAP through Royal Decree 1159/2010 of September 17, as well as with the Commercial Code, the obligatory legislation approved by the Institute of Accounting and Auditors of Accounts and other applicable Spanish legislation, present fairly the Company's equity and financial position at December 31, 2015 and of the results of its operations, the changes in its equity and the cash flows generated by the Company in the year then ended.

These financial statements, which were formally prepared by the Company's directors, will be submitted for approval by the shareholders at the Annual General Meeting and it is considered that they will be approved without any changes. The 2014 financial statements were approved by the shareholders at the Annual General Meeting held on April 20, 2015.

As of December 31, 2015, the Company has a negative working capital. However, the Company Directors consider this situation is not significant since the source of this negative working capital can be found in accounts payable to Prisa Group companies, mainly to Liberty Acquisition Holdings Virginia, Inc, a company fully owned by Prisa and that is at the last phase of its dissolution (*see Note 7.3*). The debt writing off with this company will not entail effective cash outflow.

### **b) Comparison of information**

In accordance with company legislation, each item of the balance sheet, income statement, statement of changes in net equity and cash flow statement for 2015 is shown with the figure for 2014 for comparison purposes. The notes to the financial statements also include quantitative information of the previous year, unless an accounting standard specifically establishes otherwise.

### **c) Non-obligatory accounting principles**

No non-obligatory accounting principles were applied. Also, all obligatory accounting principles were applied.

#### d) Key issues in the measurement and estimation of uncertainty

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

In the accompanying financial statements for 2015 estimates were occasionally made by executives of the Company in order to quantify certain assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The measurement of assets and goodwill implicit to determine the possible existence of impairment losses (see Notes 5 and 6).
- The useful life of property, plant, and equipment, and intangible assets (see Notes 4b and 4a).
- The hypotheses used to calculate the fair value of financial instruments (see Note 7).
- The assessment of the likelihood and amount of undetermined or contingent liabilities (see Notes 4k and 11).
- The estimates made for the determination of future commitments (see Note 14).
- The recoverability of deferred tax assets (see Note 9).
- The calculation of provisions (see Note 11).
- Provisions for unissued and outstanding invoices.

Although these estimates were made on the basis of the best information available at the date of preparation of these financial statements on the events analyzed, it is possible that figures in the future differed materially from estimates and assumptions used. Changes in accounting estimates would be applied prospectively, recognizing the effects of the change in estimates in the future related income statements, as well as in assets and liabilities.

#### 3.- ALLOCATION OF RESULT

The proposal for the distribution of the Company's loss for 2015 approved by the Company's Directors is the following (in thousands of euros):

	<b>Amount</b>
<b>Basis of appropriation</b>	
Loss for the year	5,162
<b>Distribution-</b>	
At loss from previous years	5,162

#### 4.- ACCOUNTING POLICIES

The principal accounting policies applied by the Company in the preparation of the accompanying 2015 and 2014 financial statements were as follows:

### a) Intangible assets

Intangible assets are recognized initially at acquisition or production cost and are subsequently measured at cost less any accumulated amortization and any accumulated impairment losses. Only assets whose cost can be estimated objectively and from which the Company considers it probable that future economic benefits will be generated are recognized. These assets are amortized over their years of useful life.

The “*Industrial property*” account includes the amounts paid for acquiring the right to use or register certain brands. These rights are amortized at a rate of 20% per year using the straight-line method.

“*Computer software*” includes the amounts paid to develop specific computer programs or the amounts incurred in acquiring from third parties the licenses to use programs. Computer software is amortized using the straight-line method over a period ranging from four to six years, depending on the type of program or development, from the date on which it is brought into service.

### b) Property, plant and equipment

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

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

Period upkeep and maintenance expenses are charged directly to the income statement for the year in which they are incurred.

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

	<b>Years of estimated useful life</b>
Other fixtures and furniture	10
Other items of property, plant and equipment	4-10

### c) Impairment losses

At each reporting date, or whenever it is considered necessary, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets might have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is taken to be the present value of the estimated future cash flows to derive from the asset based on the most recent budgets approved by management.

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

Impairment losses recognized on an asset in previous years are reversed when there is a change in the estimate of its recoverable amount by increasing the carrying amount of the asset up to the limit of the carrying amount that would have been determined had no impairment loss been recognized for the asset. The reversal of the impairment loss is recognized immediately as income in the consolidated income statement.

#### **d) Assets classified as held for sale**

The Company recognizes a non-current asset or disposal group as held for sale when it intends to sell it and it expects to realize the asset within twelve months.

These assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets held for sale are not amortized, but at each balance sheet date the company re-measures the non-current asset so that the carrying amount does not exceed fair value less costs to sell.

Any gain or loss on the remeasurement of a non-current asset or disposal group classified as held for sale that does not meet the definition of a discontinued operation shall be included in profit or loss from continuing operations as appropriate.

#### **e) Financial instruments**

As the head of the Group, the Company prepares consolidated financial statements. The 2015 consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs) as approved by European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements for 2015 prepared in accordance with IFRSs, are as follows:

	<b>Thousands of euros</b>
Total assets	2,363,392
Equity	(394,587)
Loss for the year attributed to the parent company	5,294



## **Financial assets-**

### *Equity investments in Group companies, jointly controlled entities and associates*

Equity investments in Group companies, jointly controlled entities and associates are measured at cost, net, where appropriate, of any accumulated impairment losses.

The amount of the adjustment for impairment is the difference between the carrying amount and recoverable amount, taken to be the higher of fair value less costs to sell and the present value of the estimated future cash flows from the investment. Unless the recoverable amount of the investment can be determined by its market value, it is based on the value of the equity of the investee, adjusted by the amount of the unrealized gains existing at the measurement date.

Of the impairment losses recognized at December 31, 2015, EUR 92,331 thousand was recognized under “Provisions for third-party liability” (see Notes 4k and 11).

### *Loans and receivables*

These assets are recognized at amortized cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables.

The Company recognizes the related impairment allowance for the difference between the recoverable amount of the receivables and their carrying amount.

### *Held-to-maturity investments*

Investments that the Company has the positive intention and ability to hold to the date of maturity. They are carried at amortized cost.

### *Available-for-sale financial assets*

The Company classifies holdings in the equity of other companies which can be sold at any time in this category of financial assets. Available-for-sale financial assets are recognized at fair value without deducting any transaction costs that might be incurred on disposal. Changes in the fair value are recognized directly in equity until the financial asset is derecognised or becomes impaired, at which time the amount thus recognised is allocated to the income statement. In this sense, there is a presumption that impairment exists if there has been a fall of more than 40 % of the value of the asset or if there has been a decrease of the same extended over a period of a year and a half without recover its value.

### *Cash and cash equivalents-*

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

## **Financial liabilities-**

### ***Loans and payables***

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

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

The Company derecognizes financial liabilities when the obligations that generated them have been extinguished.

### ***Compound financial instruments***

Compound financial instruments are non-derivative instruments that have both a liability and an equity component.

The Company recognizes, measures and presents separately the liability and equity components created by a single financial instrument.

The Company distributes the value of its instruments in accordance with the following criteria which, barring error, will not be subsequently reviewed:

- a. The liability component is recognized by measuring the fair value of a similar liability that does not have an associated equity component.
- b. The equity component is measured at the difference between the initial amount and the amount assigned to the liability component.
- c. The transaction costs are distributed in the same proportion.

## **Treasury shares-**

Treasury shares are measured at acquisition cost with a debit balance under "Equity." Gains and losses on the acquisition, sale, issue, retirement or impairment of treasury shares are recognized directly in equity in the accompanying balance sheet.

### **f) Derivative financial instruments and hedge accounting-**

The Company is exposed to interest rate risk since its bank borrowings and payables to Group companies bear interest at floating rates. In this regard, the Company arranges interest rate hedges, basically through contracts providing for interest rate caps, when the market outlook makes it advisable to do so.

These cash flow hedging derivatives are measured at fair value at the arrangement date. The subsequent changes in the fair value of the effective portion of the hedge are recognized in "Valuation adjustments" and are not transferred to the income statement until the losses or gains on the hedged transactions are recognized therein or until the maturity date of transactions. The ineffective portion of the hedge is recognized directly in profit or loss.

Changes in the value of these financial instruments are recognized as finance costs or finance income for the year, since by their nature they do not qualify for hedge accounting.

For instruments settled at a variable amount of shares or in cash, the Company recognizes a derivative financial liability when measuring these financial instruments using the Black-Scholes model.

#### **g) Losses and gains from discontinued operations**

A discontinued operation is a component of the Company that has been disposed of by other means, or is classified as 'held for sale' and, among other conditions, represents a separate major line of business which can be considered separate from the rest.

The Company presents this type of operations in the income statement under a single heading entitled "*Profit (or loss) from discontinued operations, net of tax*", including the profit (or loss) from discontinued operations net of tax recognized at fair value less costs to sell or disposal or of the assets that constitute the discontinued operation.

Additionally, the Company will re-present the disclosures described above for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

#### **h) Foreign currency transactions**

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

At the end of the reporting period, foreign currency on hand and the receivables and payables denominated in foreign currencies are translated to euros at the exchange rates then prevailing. Any gains or losses on such translation are recognized in the income statement.

#### **i) Income tax**

Income tax expense (tax income) represents the sum of the current tax expense (current tax income) and the deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Company as a result of income tax settlements for a given year. Tax credits and other tax benefits, excluding tax

withholdings and prepayments and tax loss carryforwards from prior years effectively offset in the current year, reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities.

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

Deferred tax assets may also arise from the carryforward of unused tax loss and generated and unused tax credits.

Deferred tax assets are recognized to the extent that it is considered probable that the Company will have sufficient taxable profits in the future against which those assets can be utilized and the deferred tax assets do not arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit (loss) nor taxable profit (loss).

As a result of the modification of the Corporation Tax rate, approved by Act 27/2014, of 27 November on Corporation Tax, which reduces it to 28 % for the year 2015 and to 25% for 2016 and beyond, the companies which form the PRISA Group, proceeded to recognise deferred tax assets and liabilities on their balance sheets at the tax rate at which they are expected to be recovered or cancelled.

The deferred tax assets recognized are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that they will be recovered through future taxable profits.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss) and except for those associated with investments in subsidiaries, associates and joint ventures in which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognized in equity.

The Company files consolidated tax returns as Parent of tax group number 2/91 as permitted by the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of March 5.

As Parent of the group, the Company recognizes the adjustments relating to the consolidated tax group.

#### **j) Income and expenses**

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Interest incomes from financial assets are recognized using the effective interest method and dividend incomes are recognized when the shareholder's right to receive payment has been established.

#### **k) Provisions and contingencies**

The present obligations at the balance sheet date arising from past events which could give rise to a loss for the Company, which is uncertain as to its amount and timing are recognized as provisions in the balance sheet at the present value of the most probable amount that it is considered that the Company will have to pay to settle the obligation (*see Note 11*).

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Unless considered as remote, contingent liabilities are not recognised in Annual Accounts, but are informed in the Annual Report Notes.

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

The "*Provision for third-party liability*" relates to the estimated amount required to meet the Company's liability, as the majority shareholder, for the portion of the losses incurred at investees whose equity has become negative and which must be restored by their shareholders.

#### **l) Current/non-current classification**

Assets and liabilities maturing within twelve months from the balance sheet date are classified as current items and those maturing within more than twelve months are classified as non-current items.

#### **m) Related party transactions**

Related party transactions are a part of the Company's normal business activities (in terms of their purpose and terms and conditions). Sales to related parties are carried out on an arm's length basis. In addition, transfer prices are properly supported and, therefore, the

Company's directors consider that there are no significant risks in this item that may give rise to sizeable liabilities in the future. The most significant transactions performed with related companies are of a financial nature.

#### n) Share-based payments

The Company recognises, on the one hand, goods and services received as an asset or as an expenditure, taking into account its nature at the time it is obtained and, on the other hand, the corresponding increase in equity in case the transaction is settled with an amount based on equity instruments value.

In the event of transactions settled with equity instruments, both services rendered and increase in equity shall be valued at the fair value of the equity instruments assigned as of the date of the granting agreement. Conversely, in case of settlement with cash, goods and services received and the corresponding liabilities are recognised at the latter fair value as of the date on which the requirements for their recognition are met.

#### o) Provisions for severance payment

In accordance with the legislation in force, the Company is obliged to pay severance payments to those employees with whom, under certain conditions, it terminates their employment relationships. Therefore, severance payments that may be reasonably quantified are recorded as expenditure within the year in which the decision to dismiss is adopted. In 2015 the Company has not recorded any provision in this respect.

### 5.- INTANGIBLE ASSETS

The transactions performed in 2015 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

	Balance at 12/31/2014	Additions	Balance at 12/31/2015
<b>Cost-</b>			
Industrial property	60	-	60
Computer software	20,895	15	20,910
Advances and intangible assets in progress	-	66	66
<b>Total cost</b>	<b>20,955</b>	<b>81</b>	<b>21,036</b>
<b>Accumulated amortization-</b>			
Industrial property	(60)	-	(60)
Computer software	(19,097)	(896)	(19,993)
<b>Total accumulated amortization</b>	<b>(19,157)</b>	<b>(896)</b>	<b>(20,053)</b>
<b>Total intangible assets, net</b>	<b>1,798</b>	<b>(815)</b>	<b>983</b>

At December 31, 2015, the Company's fully amortized intangible assets in use amounted to EUR 14,635 thousand (December 31, 2014: EUR 13,163 thousand)

There are no restrictions on title to or future purchase obligations for intangible assets.

## 2014

The transactions performed in 2014 in the various intangible asset accounts and the related accumulated amortization are summarized as follows (in thousands of euros):

	Balance at 12/31/2013	Additions	Transfers	Disposals	Balance at 12/31/2014
<b>Cost-</b>					
Industrial property	60	-	-	-	60
Audiovisual rights	39,065	-	-	(39,065)	-
Computer software	20,872	10	13	-	20,895
Advances and intangible assets in progress	13	-	(13)	-	-
<b>Total cost</b>	<b>60,010</b>	<b>10</b>	<b>-</b>	<b>(39,065)</b>	<b>20,955</b>
<b>Accumulated amortization-</b>					
Industrial property	(60)	-	-	-	(60)
Audiovisual rights	(39,065)	-	-	39,065	-
Computer software	(17,828)	(1,269)	-	-	(19,097)
<b>Total accumulated amortization</b>	<b>(56,953)</b>	<b>(1,269)</b>	<b>-</b>	<b>39,065</b>	<b>(19,157)</b>
<b>Total intangible assets, net</b>	<b>3,057</b>	<b>(1,259)</b>	<b>-</b>	<b>-</b>	<b>1,798</b>

Derecognitions in 2014 under “*Audiovisual Rights*” correspond to rights over economic exploitation of 10% of rights from Real Madrid Club de Fútbol (image rights of the club, players and merchandising) which were acquired in 2001, valid until 2013. These rights were fully amortized at December 31, 2013.

## 6.- PROPERTY, PLANT AND EQUIPMENT

The transactions performed in 2015 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

## 2015

	Balance at 12/31/2014	Additions	Disposals	Balance at 12/31/2015
<b>Cost-</b>				
Other fixtures and furniture	441	-	(3)	438
Other items of property, plant and equipment	993	30	-	1,023
<b>Total cost</b>	<b>1,434</b>	<b>30</b>	<b>(3)</b>	<b>1,461</b>
<b>Accumulated depreciation</b>				
Other fixtures and furniture	(256)	(42)	3	(295)
Other items of property, plant and equipment	(339)	(4)	-	(343)
<b>Total accumulated depreciation</b>	<b>(595)</b>	<b>(46)</b>	<b>3</b>	<b>(638)</b>
<b>Total property, plant and equipment, net</b>	<b>839</b>	<b>(16)</b>	<b>-</b>	<b>823</b>

At December 31, 2015, the Company's fully depreciated property, plant and equipment in use amounted to EUR 430 thousand (December 31, 2014: EUR 362 thousand).

There are no restrictions on title to or future purchase obligations for property, plant and equipment.

The Company takes out insurance policies to adequately cover the replacement value of its assets.

## 2014

The transactions performed in 2014 in the various property, plant and equipment accounts and the related accumulated depreciation are summarized as follows (in thousands of euros):

	Balance at 12/31/2013	Additions	Balance at 12/31/2014
<b>Cost-</b>			
Other fixtures and furniture	437	4	441
Other items of property, plant and equipment	993	-	993
<b>Total cost</b>	<b>1,430</b>	<b>4</b>	<b>1,434</b>
<b>Accumulated depreciation</b>			
Other fixtures and furniture	(212)	(44)	(256)
Other items of property, plant and equipment	(334)	(5)	(339)
<b>Total accumulated depreciation</b>	<b>(546)</b>	<b>(49)</b>	<b>(595)</b>
<b>Total property, plant and equipment, net</b>	<b>884</b>	<b>(45)</b>	<b>839</b>

## 7. FINANCIAL INSTRUMENTS

### 7.1- FINANCIAL ASSETS

The detail of "Financial assets" in the balance sheets at December 31, 2015 and 2014, based on the nature of the transactions, is as follows:

Classes  Categories	Thousands of euros							
	Non-current				Current		Total	
	Equity instruments		Loans, derivatives and other		Loans, derivatives and other			
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Group companies and associates	1,585,717	1,510,558	129,851	325,692	46,391	152,074	1,761,959	1,988,324
Held-to-maturity investments	-	-	13	13	65,179	111,327	65,192	111,340
Loans and receivables	-	-	-	-	36,343	-	36,343	-
Financial assets available for sale	1,046	155,544	-	-	-	-	1,046	155,544
<b>Total</b>	<b>1,586,763</b>	<b>1,666,102</b>	<b>129,864</b>	<b>325,705</b>	<b>147,913</b>	<b>263,401</b>	<b>1,864,540</b>	<b>2,255,208</b>



## Equity investments in Group companies and associates

The transactions performed in 2015, in this category of financial assets, are summarized as follows (in thousands of euros):

	Balance at 12/31/2014	Additions	Transfers	Disposals	Balance at 12/31/2015
<b>Cost</b>					
Investments in Group companies	2,270,988	412,379	-	(109,929)	2,573,438
Investments in associates	1,176	-	-	-	1,176
<b>Total cost</b>	<b>2,272,164</b>	<b>412,379</b>	<b>-</b>	<b>(109,929)</b>	<b>2,574,614</b>
<b>Impairment losses</b>					
In Group companies	(760,508)	(11,161)	(224,799)	8,701	(987,767)
In associates	(1,098)	(32)	-	-	(1,130)
<b>Total impairment losses</b>	<b>(761,606)</b>	<b>(11,193)</b>	<b>(224,799)</b>	<b>8,701</b>	<b>(988,897)</b>
<b>Group companies and associates</b>	<b>1,510,558</b>	<b>401,186</b>	<b>(224,799)</b>	<b>(101,228)</b>	<b>1,585,717</b>

The detail of shareholdings by company of *“Equity investments in Group companies and associated”* at December 31, 2015 (in thousands of euros), is as follows:

ENTITY NAME	SHAREHOLDING %		CARRYING AMOUNT		
	DIRECT	INDIRECT	COST	IMPAIRMENT LOSS/IMPAIRMENT REVERSAL/TRASNFER	ACCUMULATED IMPAIRMENT LOSS
<b>COMPANIES GROUP</b>					
Prisaprint, S.L.	100.00%	-	258,031	(223,781)	(254,958)
Prisa Brand Solutions, S.L.U.	100.00%	-	48,080	(659)	(38,445)
Prisa Tecnología, S.L.	100.00%	-	31,467	-	(31,467)
Promotora de Emisoras, S.L.	100.00%	-	10,786	-	(10,786)
Promotora de Emisoras de Televisión, S.A.	25.00%	-	95,405	-	(95,405)
Diario El País México, S.A. de C.V.	5.81%	-	898	91	(793)
Prisa Noticias, S.L.	100.00%	-	96,126	(11,077)	(53,661)
Promotora General de Revistas, S.A.	0.04%	-	3	-	(3)
Grupo Santillana Educación Global, S.L.	75.00%	-	65,826	-	-
Audiovisual Sport, S.L.	80.00%	-	248,062	(170)	(242,443)
Liberty Acquisition Holdings Virginia, Inc.	100.00%	-	649,540	-	-
Prisa Audiovisual, S.L.U.	100.00%	-	3	-	-
Prisa División Internacional, S.L.	100.00%	-	170,339	3,417	-
Prisa Finance (Netherlands) BV	100.00%	-	18	-	(4)
Prisa Gestión de Servicios, S.L.	100.00%	-	3	-	-
Prisa Participadas, S.L.	100.00%	-	259,682	(127)	(11,485)
Promotora Audiovisual de Colombia PACSA, S.A.	53.00%	-	94	-	-
Promotora de Actividades América 2010, S.L.	100.00%	-	10	-	(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	1.00%	-	4	-	(4)
Vertex SGPS, S.A.	100.00%	-	639,061	5,047	(248,303)
Prisa Radio, S.A.	-	-	-	-	-
<b>ASSOCIATE COMPANY</b>					
Canal Club de Distribución de Ocio y Cultura, S.A.	25.00%	-	1,176	(32)	(1,130)
<b>TOTAL INVESTMENT IN GROUP COMPANIES AND ASSOCIATES</b>			<b>2,574,614</b>	<b>(227,291)</b>	<b>(988,897)</b>

The main direct and indirect investments of Promotora de Informaciones, S.A. are listed in *Appendix I* and *Appendix II*, respectively.

The most significant operations that took place in 2015 which gave rise to the aforementioned movements are as follows:

In April 2015, a non-monetary contribution was made to the company Prisa Participadas, S.L. involving 100% of the shares owned by Prisa in the company Prisa Radio, S.A (worth EUR 109,929 thousand as of 31.12.2014). The contribution has been posted at consolidated values, as set out in applicable accounting regulations, which has generated a positive impact of EUR 75,593 thousand to reserves.

On 30 June 2015, a partner contribution was made for the amount of EUR 226,854 thousand to Prisaprint, S.L. with the aim of re-establishing this company's equity balance, with the amount obtained from the cancellation of the participating loan and transferring the provision for third-party liability to the stake's impairment (EUR 223,927 thousand).

In July 2015, Prisa Audiovisual, S.L.U. was created, 100% owned by Promotora de Informaciones, S.A.

### Available-for-sale financial assets

This heading includes Prisa's stake in Mediaset España Comunicación, S.A., which at December 31, 2015 represents 0.026% of this company's equity for a value of 1,046 thousands of euros.

The Company recognises its stake in Mediaset España Comunicación, S.A. at fair value. As the shares in Mediaset España Comunicación, S.A. are listed on the Madrid Stock Exchange, the Company used the listed price at year end (10.03 euros) to calculate the fair value of this investment at December 31, 2015. The increase in fair value of 43 thousand euro was recognised directly in the Company's equity net of tax (see Note 8).

The variation in "Available-for-sale financial assets" in 2015, is due to the sale of 14,787,426 shares in Mediaset España representing 3.63% of its share capital which generated a net cash inflow of EUR 162,097 thousand, with an impact on equity of EUR 38,653 thousand on account of the difference between the sale price and the fair value at December 31, 2014 of the stake sold. These funds were used to cancel the debt at a discount.

### 2014

The transactions performed in 2014, in this category of financial assets, are summarized as follows (in thousands of euros):

	Balance at 12/31/2013	Additions	Transfers	Disposals	Balance at 12/31/2014
<b>Cost</b>					
Investments in Group companies	4,298,349	2	(2,027,362)	-	2,270,988
Investments in associates	591,287	-	(124,384)	(465,727)	1,176
<b>Total cost</b>	<b>4,889,636</b>	<b>2</b>	<b>(2,151,746)</b>	<b>(465,727)</b>	<b>2,272,164</b>
<b>Impairment losses</b>					
In Group companies	(1,231,888)	(86,680)	534,104	23,956	(760,508)
In associates	(935)	(163)	-	-	(1,098)
<b>Total impairment losses</b>	<b>(1,232,823)</b>	<b>(86,843)</b>	<b>534,104</b>	<b>23,956</b>	<b>(761,606)</b>
<b>Group companies and associates</b>	<b>3,656,813</b>	<b>(86,841)</b>	<b>(1,617,642)</b>	<b>(441,771)</b>	<b>1,510,558</b>

The detail of shareholdings by company of "Equity investments in Group companies and associated" at December 31, 2014 (in thousands of euros), is as follows:

ENTITY NAME	SHAREHOLDING %		CARRYING AMOUNT		
	DIRECT	INDIRECT	COST	IMPAIRMENT LOSS/IMPAIRMENT REVERSAL/TRASNFER	ACCUMULATED IMPAIRMENT LOSS
<b>COMPANIES GROUP</b>					
Prisaprint, S.L.	100.00%	-	31,177		(31,177)
Prisa Brand Solutions, S.L.U.	100.00%	-	48,080	341	(37,786)
Prisa Tecnología, S.L.	100.00%	-	31,467		(31,467)
Promotora de Emisoras, S.L.	100.00%	-	10,786		(10,786)
Promotora de Emisoras de Televisión, S.A.	25.00%	-	95,405		(95,405)
Diario El País México, S.A. de C.V.	5.81%	-	898	(46)	(884)
Prisa Noticias, S.L.	100.00%	-	96,126	(36,038)	(42,584)
Promotora General de Revistas, S.A.	0.04%	-	3	(1)	(3)
Grupo Santillana Educación Global, S.L.	75.00%	-	65,826		-
Audiovisual Sport, S.L.	80.00%	-	248,062	(29,277)	(242,273)
Liberty Acquisition Holdings Virginia, Inc.	100.00%	-	649,540		-
Prisa División Internacional, S.L.	100.00%	-	170,339	4,023	(3,417)
Prisa Finance (Netherlands) BV	100.00%	-	18		(4)
Prisa Gestión de Servicios, S.L.	100.00%	-	3		-
Prisa Participadas, S.L.	100.00%	-	74,160	(1,585)	(11,358)
Promotora Audiovisual de Colombia PACSA, S.A.	53.00%	-	94		-
Promotora de Actividades América 2010, S.L.	100.00%	-	10		(10)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	1.00%	-	4		(4)
Vertex SGPS, S.A.	100.00%	-	639,061	19,592	(253,350)
Prisa Radio, S.A.	73.49%	-	109,929		-
DTS, Distribuidora de Televisión Digital, S.A.	56.00%	-	-	514,371	-
<b>ASSOCIATE COMPANY</b>					
Canal Club de Distribución de Ocio y Cultura, S.A.	25.00%	-	1,176	(163)	(1,098)
<b>TOTAL INVESTMENT IN GROUP COMPANIES AND ASSOCIATES</b>			<b>2,272,164</b>	<b>471,217</b>	<b>(761,606)</b>

### *Mediaset España-*

In 2014, Prisa placed several blocks of Mediaset España shares for a total of EUR 55.6 million, which resulted in a reduction in the stake in this company to 3.66%. These transactions generated derecognitions for the amount of EUR 464,765 thousand and a cash inflow of EUR 483,920 thousand.

These transactions implied a profit considering the costs associated with the transaction (EUR 17,160 thousand), which were recognized under "*Gains from disposals of holdings*".

After the aforementioned sales the holding in this company was reclassified under "*Available-for-sale financial assets*" for EUR 124,384 thousands, given that with a holding of less than 5% the Company does not have a significant influence.

DTS-

In June 2014, the Board of Directors of Prisa executed with Telefónica de Contenidos, S.A.U. the purchase-sale agreement for 100% of the shares in DTS owned by Prisa, representing 56% of the company's capital, for an amount of EUR 750 million, which was subject to the usual adjustments in this type of transactions until the transaction was closed.

The execution of the transaction was conditional on obtaining the required authorisation by the Spanish competition authorities, which could have imposed conditions or required commitments for approving this transaction. Should the transaction not be completed for whatever reason as a result of such authorisation process, the purchase-sale agreement envisaged a mechanism whereby Telefónica, among other options, could present to Prisa, within 6 months, a seller willing to purchase within that period Prisa's stake in DTS under the same terms and conditions set out in the agreement with Telefónica.

The Company transferred its stake in DTS for its carrying amount in "*Equity instruments*" to the category "*Non-current assets held for sale*".

### **Impairment tests**

At the end of each reporting period, or whenever there are indications of impairment, the Company tests goodwill for impairment to determine whether it has suffered any permanent loss in value that reduces its recoverable amount to below its carrying amount.

The recoverable amount of each stake is the higher of value in use and the net selling price that would be obtained from the asset.

Value in use was calculated on the basis of the estimated future cash flows based on the business plans most recently approved by management. These business plans include the best estimates available of income and costs of the cash-generating units using industry projections and future expectations.

These projections cover the following five years and include a residual value that is appropriate for each business. In order to calculate the present value of these flows, they are discounted at a rate that reflects the weighted average cost of capital employed adjusted for the country risk and business risk. Therefore, in 2015 the rate for the most relevant impairment test is from 8% to 11%.

An analysis of the sensitivity of the main hypotheses of the impairment test has been conducted, concluding that there is sufficient margin between the carrying amount and its recoverable amount in scenarios more pessimistic than those envisaged by the Company's Management in its estimates.

### **Loans to Group companies and associates**

"*Loans to Group companies and associates*" includes mainly the loans granted to Group companies and associates, the detail being as follows (in thousand of euros):

Group Company	Type of Loan	Final Maturity	Balance at 12/31/2014	Additions	Disposals	Balance at 12/31/2015
Promotora de Emisoras de Televisión, S.A.	Participating	2017	29,052	-	-	29,052
Promotora de Emisoras, S.L.	Participating	2017	41,456	-	-	41,456
Promotora de Actividades América 2010, S.L.	Participating	2017	1,021	-	-	1,021
Promotora Audiovisual de Colombia, S.A.	Financial	2017	320	-	-	320
Prisaprint, S.L.	Participating	-	217,603	-	(217,603)	-
Prisa Tecnología, S.L.	Participating	2023	36,241	21,390	-	57,631
Prisa INC	Financial	2017	-	371	-	371
<b>Group companies, total</b>			<b>325,693</b>	<b>21,761</b>	<b>(217,603)</b>	<b>129,851</b>

The participating loans earn floating interest which is dependent upon the borrower achieving a certain volume of billings and/or earnings. They also earn interest tied to Euribor plus a market spread.

### Current investments in Group companies and associates

The Company pools all the cash balances of the Prisa Group companies located in Spain through transfers from (to) the banks at which it has demand deposits. The balances in this connection earn and bear interest for the Company at rates tied to Euribor plus a spread. At December 31, 2015, this heading included EUR 43,456 thousand of balances and interest receivable from Group companies arising from the above-mentioned cash pooling (EUR 107,701 thousand in 2014).

This heading also includes, *inter alia*, the installments falling due within one year of the loans to Group companies and the accrued interest payable on these loans amounting to EUR 2,935 thousand (EUR 44,373 thousand in 2014).

### Other current financial assets

At December 31, 2015, Promotora de Informaciones, S.A. has recognised an amount of EUR 65,179 thousand under this heading in the attached balance sheet. This corresponds to deposits, eurodeposits and fixed term contracts maturing within one year held by the company with a number of financial institutions.

Also included is the amount to be received for the sale of DTS for EUR 36,343 thousand.

As of December 31, 2014, the Company showed a balance under this heading of EUR 111,326 thousand corresponding to deposits, eurodeposits and fixed term contracts maturing within one year.

## 7.2. NON-CURRENT ASSETS HELD FOR SALE

In 2014, DTS was valued at its recovery value, after deducting the necessary costs for completing the sale, on the accompanying balance sheet under the heading "Non-current assets held for sale" (see Note 7.1).

On 30 April 2015, once the Company had fulfilled the conditions precedent by which it was bound, it implemented with Telefónica de Contenidos, S.A.U. the purchase-sale agreement for the shares of DTS, Distribuidora de Televisión Digital, S.A. ('DTS') which had been signed on 2 June 2014, whereby the Company transferred to Telefonica all the shares that it held, which represented 56% of the company's capital.

Prisa has registered the sale of DTS for an amount of EUR 724,554 thousand , of which at December 31, 2015 has received a total of EUR 688,211 thousand (EUR 565,450 thousand in May and additional EUR 122,761 thousands in November).

In the purchase agreement, the parties agreed that the final price of the transaction would be reviewed in the light of two adjustments for which two settlement procedures submitted to independent third parties were agreed, for amount of EUR 36,343 thousand. The amount to be received is recognized at December 31, 2015 under "Current bank borrowings" on the balance sheet (see Note 7.1).

In February 2016, the first of these adjustments was settled in favour of the company, which led to a price which was higher by EUR 7,170 thousand. The Directors, in light of the information that they have at this time, are of the view that the adjustment pending, for amount of EUR 29,173 thousand, will be settled in Prisa's favour.

### 7.3. FINANCIAL LIABILITIES

#### Loans and payables

Classes  Categories	Thousands of euros											
	Non-current						Current				Total	
	Bank borrowings		Debt securities		Derivatives and other		Bank borrowings		Derivatives and other			
	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14	12/31/15	12/31/14
Loans and payables	1,751,785	2,490,301	-	3	113,236	118,574	780	3,894	921,921	910,056	2,787,722	3,522,828
Liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	103	8,117	103	8,117
<b>Total</b>	<b>1,751,785</b>	<b>2,490,301</b>	<b>-</b>	<b>3</b>	<b>113,236</b>	<b>118,574</b>	<b>780</b>	<b>3,894</b>	<b>922,024</b>	<b>918,173</b>	<b>2,787,825</b>	<b>3,530,945</b>

## Bank borrowings

The Company's bank borrowings were as follows (in thousands of euros):

### 2015

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Tranche 2	2018	956,512	-	956,512
Syndicated loan Tranche 3	2019	275,443	-	275,443
Subordinated Loan	2020	31,126	-	31,126
Participative Loan (PPL)	2019	534,439	-	534,439
Finance leases, interest and other	2015-2019	-	780	1,722
Loan arrangement costs	2019	-	-	(47,457)
<b>Total</b>		<b>1,797,520</b>	<b>780</b>	<b>1,751,785</b>

### 2014

	Maturity	Limit	Drawn-down amount maturing at short term	Drawn-down amount maturing at long term
Syndicated loan Tranche 1	2016	371,785	-	371,785
Syndicated loan Tranche 2	2018	646,739	-	646,739
Syndicated loan Tranche 3	2019	1,029,440	-	1,029,440
Subordinated Loan	2020	31,094	-	31,094
Participative Loan (PPL)	2019	509,931	-	509,931
Finance leases, interest and other	2015-2019	-	3,894	7,827
Loan arrangement costs	2019	-	-	(106,516)
<b>Total</b>		<b>2,588,990</b>	<b>3,894</b>	<b>2,490,301</b>

Bank borrowings are presented sheet at amortized cost in the consolidated balance sheet, adjusted for the loan origination and arrangement costs.

To determine the theoretical calculation of the fair value of the financial debt, and in accordance with accounting standards we used the Euribor curve and the discount factor supplied by the bank and the actual credit risk arising from a report provided by an independent expert regarding the transactions made in the secondary debt market (level 2 variables, estimates based on other observable market methods). Therefore, the fair value of Prisa's financial debt amounts to EUR 1,339,520 thousand at December 31, 2015, according to this calculation.

The methodology followed to calculate the debt has used the secondary market value of Prisa's refinanced debt (composed of the three tranches). This way, the Group's debt is



valued at a 23.57% average discount over the real principal payment obligation to the creditor entities.

*Syndicated loan (Tranche 1)-*

In December 2013, as part of the refinancing of its financial debt, Prisa signed a syndicated financing agreement with a group of 16 financial investors for a maximum of EUR 353,261 thousand, with super senior status compared with the remainder of the refinanced debt, which was provided in full. Pursuant to the conditions for capitalization of the PIK on Tranche 1, debt increased in 2014 in this regard by EUR 18,524 thousand.

In May 2015, Prisa paid off Tranche 1 fully in the amount of EUR 385,542 thousand with part of the proceeds from the sale of 56% of DTS (see note 7.1). This amount included EUR 13,757 thousand corresponding to accrued interest unpaid on the cancellation date and the capitalized PIK during 2015.

*Syndicated loan (Tranches 2 and 3) and Participating Loan -*

In December 2013, as part of the refinancing of its financial debt, Prisa agreed to the renewal of its syndicated loan, bridge loan and bilateral loans in an amount of EUR 2,924,732 thousand. The debt renewal was structured into tranches as follows:

- EUR 646,739 thousand (Tranche 2) maturing at long-term (5 years) at an interest rate referenced to the Euribor plus a margin negotiated with the lenders; and
- EUR 2,277,993 thousand (Tranche 3) maturing at long-term (6 years) at an interest rate referenced to the Euribor plus a margin negotiated with the lenders;

Pursuant to the conditions for capitalization of the PIK on Tranche 3, in 2014 was capitalized part of the PIK interest, debt increased in this regard by EUR 34,957 thousand and in the same way the PIK interest capitalized in 2015 debt has increased by EUR 15,511 thousand.

*Tranche 2-*

In 2015, the company cancelled Tranche 2 debt in the amount of EUR 142,968 thousand with proceeds from the following transactions:

- With part of the proceeds from the sale of 3.63% of Mediaset España, Prisa repurchased debt at a discount in an amount of EUR 105,939 thousand, at an average discount of 14.4%.
- With part of the proceeds from the sale of 56% of Mediaset España, Prisa paid off EUR 25,517 thousand, at an average discount of 12.94%.
- With part of the proceeds from the sale of the general publishing business in 2014, debts of EUR 11,512 thousand were paid off.

Under the refinancing agreement subscribed by the company, the level of Tranche 2 debt for 2015 was set at EUR 956,512 thousand, following the mandatory cancellation of the total for Tranche 1 and the sale of the general publishing business.

To reach the new Tranche 2 debt level, after the partial cancellations described above, EUR 452,741 thousand of debt was transferred from Tranche 3 in 2015.

#### *Tranche 3-*

The refinancing agreement included a series of commitments to reduce Tranche 3 debt by EUR 900,000 thousand in 2015, and by an additional EUR 600,000 in 2016, and, at December 31, 2015, these commitments have been fulfilled in advance. Consequently, the following relevant financial commitment has been established for 2018, when Tranche 2 falls due.

The transactions carried out by the Group to meet its debt reduction commitments are as follows:

- Debt cancellation in an amount of EUR 776,675 thousand in 2014:
  - o Prisa repurchased debt in an amount of EUR 643,542 thousand, at an average discount of 25.70%, with the net proceeds from the sale of 13.68% of Mediaset España.
  - o Debt was repurchased in an amount of EUR 133,133 thousand, at a discount of 25%, with the amount from the capital increase subscribed by Occher.
- Debt cancellation in an amount of EUR 305,405 thousand in 2015:
  - o Prisa repurchased discounted debt in an amount of EUR 94,685 thousand, at an average discount of 22.61% with part of the net proceeds from the sale of 3.63% of Mediaset España.
  - o With part of the proceeds from the sale of 56% of DTS, Prisa paid off EUR 210,720 thousand, of which an amount of EUR 71,168 thousand was cancelled at a discount of 13.07%.
- Meanwhile, as provided for in the refinancing agreement, the mandatory cancellation of the total of Tranche 1 with the proceeds from the sale of DTS and the partial cancellation of part of Tranche 2 with the transactions described above gave rise to the transfer of EUR 452,741 thousand of Tranche 3 to Tranche 2 during 2015.

In addition, as described below, due to the equity position of the parent company as a result of the sale of 56% of DTS, in September 2014 and in April 2015 the automatic debt conversion processes of Tranche 3 were formalized into participating loans in an amount of EUR 506,834 thousand and EUR 19,750 thousand respectively, as provided for in the company refinancing agreement.

Pursuant to the conditions for capitalization of the PIK on Tranche 3, in 2015, debt increased in this regard by EUR 15,511 thousand (EUR 34,957 thousand in 2014)

Following the movements described above, the amount of Tranche 3 stood at EUR 275,443 thousand (EUR 1,029,440 thousand at December 31, 2014).

#### *Participating Loan (PPL)-*

In June 2014, as a result of the loss of EUR 750,383 thousand by Prisa following the sale of a 56% stake in DTS, the equity of Prisa was negative in the amount of EUR 593,513 thousand, and therefore the company qualified for dissolution, pursuant to Spain's Corporate Enterprises Act.

In a bid to restore the equity balance, and in accordance with financing agreements of the Group, the automatic mechanism was again deployed to convert part of Tranche 3 of company debt into participating loans, in such a way that, on 15 September 2014, the process of converting debt into participating loans was formalised in an amount of EUR 506,834 thousand, and implied the reestablishment of the equity balance.

At December 31, 2014, as a result of, among other items, a review of the sale price of DTS and recognition of additional impairment of EUR 23,789 thousand, the equity of the Parent Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act (including participating loans outstanding at year end) stood at EUR 31,554 thousand.

In order to restore the equity balance, the mechanism was again used to automatically convert part of Tranche 3 of the company's debt into participating loans. On April 20, 2015, an amount of EUR 19,750 thousand of Tranche 3 was converted into participating loans, after consideration of the transactions executed up until that date designed to reduce this amount as much as possible.

The financial cost of the Participating Loan (PPL) is identical to that for Tranche 3. In 2015, capitalized PIK increased debt by EUR 13,146 thousand (EUR 3,097 thousand in 2014). The participating loan balance at December 31, 2015 amounted to EUR 534,439 thousand (EUR 509,931 thousand at December 31, 2014).

Compliance with certain financial ratios is established in the financial agreements. The Group's directors consider that these ratios were fulfilled at December 31, 2015.

The refinancing agreement also includes causes for early termination as is customary in this kind of agreement, including the acquisition of control of Prisa, acquisition being understood as by one or several persons together, with more than 30% of the capital with voting rights.

The guarantee structure for Tranches 2, 3 and PPL is as follows:

#### *Personal guarantees*

Tranches 2, 3, and PPL of the Prisa debt corresponding to debt which was refinanced in December of 2013 are severally guaranteed by Grupo Bidasoa Press, S.L., Dédalo Grupo Gráfico, S.L., Diario El País, S.L., Distribuciones Aliadas, S.A., Grupo de Medios Impresos y Digitales, S.L., and Norprensa, S.A.

Also, Prisa Radio, S.A. and Vertix, SGPS, S.A. guarantee Tranches 2, 3, and PPL, with the following limitations:

- The guarantee granted by Prisa Radio, S.A. will be limited to a maximum amount equal to the lesser of the following:
  - EUR 1,314,706 thousand; and
  - 73.49% of equity at any given moment; and
- The guarantee granted by Vertix SGPS, S.A. will be limited to a maximum amount of EUR 600,000 thousand.

#### *Guarantees*

In December, 2013, resulting from a new syndicated loan which was repaid early in May, 2015, and the renewal of the remaining loans, Prisa pledged its shares in Prisa Radio, S.A. (73.49% of its share capital), DTS, Distribuidora de Televisión Digital, S.A. (56% of its share capital), Grupo Santillana Educación Global, S.L. (75% of its share capital), and part of Prisa's investment in Mediaset España Comunicación, S.A. (14.29% of its share capital). Nonetheless, as a result of (i) the sale of the Mediaset España Comunicación, S.A. shares exercised in 2014 and 2015, and (ii) the sale of 56% of the share capital of DTS, Distribuidora de Televisión Digital, S.A. agreed upon on June 2, 2014 and carried out on April 30, 2015, once the suspensive conditions to which it was subject had been met, there were no further Mediaset shares pledged in favor of financial institutions, with the shares of DTS, Distribuidora de Televisión Digital, S.A. pledged in guarantee cancelled.

On the same date, Prisa pledged on certain owned bank accounts and, additionally, Bidasoa Press, S.L., Dédalo Grupo Gráfico, S.L. and Distribuciones Aliadas, S.A. constituted pledge on receivables related to certain material contracts to guaranty the said creditors.

Also, on January 10, 2014, a pledge was granted for Prisa's shares in Audiovisual Sport, S.L. (80% share capital).

Part of the Prisa investment in Grupo Media Capital SGPS, S.A. was also pledged (84.69% share capital), thereby insuring Tranches 2, 3, and PPL.

A pledge on certain properties and credit rights was also granted to the creditors of the financing granted to Dédalo Grupo Gráfico, S.L.

#### *Subordinated Debt -*

This debt originates from interest, known as "coupons", on the convertible bonds subscribed in 2012 by HSBC, Caixa and Santander, in their capacities as the company's bank lenders, payable in July 2013 and July 2014.

On June 10, 2013, as part of the refinancing process, HSBC, Caixa and Santander agreed for the payment of this interest to take place solely on the date for the mandatory reconversion of the bonds, namely July 7, 2014. Upon maturity of the convertible bonds and their corresponding coupons, Prisa and its bank creditors (HSBC, Caixa and Santander) agreed to convert the amount of this capitalised interest into subordinated debt. On December 31, 2014, the parties subscribed to a subordinated loan in an amount of EUR 31,094 thousand,

which is recognized under “*Non-current bank borrowings*” on the accompanying consolidated balance sheet.

Its cost is the margin negotiated with the lenders, and the annually fixed capitalized cost (PIK). The debt increased by EUR 32 thousand on account of this in 2015 until EUR 31,126 thousand.

This debt is contractually subordinated to payment of the remainder of the debt on Prisa’s Tranches 2 and 3 (and not therefore subordinated to any other Prisa debt). It falls due at least 12 months after all the sums outstanding pursuant to the refinancing contracts have been repaid in full.

### **Payable to Group companies and associates**

The detail of “*Payable to Group companies and associates*”, was as follows (in thousands of euros):

#### **2015**

	<b>Non-current</b>	<b>Current</b>
Investment tax credits	50,744	-
Other payables	62,492	659,576
Cash pooling	-	262,345
<b>Total</b>	<b>113,236</b>	<b>921,921</b>

#### **2014**

	<b>Non-current</b>	<b>Current</b>
Investment tax credits	56,083	-
Other payables	62,491	678,385
Cash pooling	-	231,671
<b>Total</b>	<b>118,574</b>	<b>910,056</b>

#### *Other non-current payables-*

As of December 31, 2014, the Company offset the accounts payable to and receivable from its subsidiary Prisa División Inmobiliaria, S.L. (now Prisa Participadas, S.L.U.) for “cash pooling”, transforming the remaining balance into a participating loan for EUR 62,492 thousand.

#### *Other current payables-*

Until the transaction with Liberty Acquisition Holdings Virginia, Inc. is finalized, this account temporarily includes the obligation arising from the transfer of EUR 650 million to Promotora de Informaciones, S.A. related to the subsequent integration agreements and capital increase and exchange of shares carried out by the Company in November 2010. Liberty Acquisition Holdings Virginia, Inc. is currently in the last stage of its winding up, which has not yet been formalised, awaiting for the U.S. tax authorities to refund to the company in 2016 the balances in its favour as a result of undue withholdings prior to 2010. In January 2016, EUR 939 thousand have already been received corresponding to those amounts.

#### *Investment tax credits-*

“Investment tax credits” includes Promotora de Informaciones, S.A.’s obligation to its subsidiaries arising from investment tax credits earned by Group companies in prior years that were not used in the consolidated group’s income tax settlement.

#### *Cash pooling-*

At December 31, 2015, this heading included EUR 262,345 thousand of balances and interest payable to Group companies arising from the above-mentioned cash pooling.

### **Derivative financial instruments**

The Company arranges derivative financial instruments with Spanish and international banks with high credit ratings.

In 2015, the Company held interest rate derivatives, but they have matured throughout the year.

The objective of these interest rate hedges is to mitigate, by arranging swaps and option combinations, the fluctuations in cash outflows in respect of payments tied to floating interest rates (Euribor) on borrowings.

#### *Interest rate derivatives-*

To determine the fair value of the derivatives, the Company uses the valuation provided by the financial institutions, applying the group's credit risk provided by an independent expert.

The interest rate derivatives arranged by the Company have matured before December 31, 2015 and no new derivatives have been arranged.

The fair value of the outstanding interest rate derivatives as of December 31, 2014 was EUR 721 thousand.

#### *Analysis of sensitivity to interest rates-*

The settlement value of the interest rate derivatives arranged by the Company depends on the changes in the Euribor and long-term swap interest rate curves.

Following is a detail, in thousands of euros, of the analysis of the sensitivity of the fair values of derivatives at December 31, 2014 to changes in the euro interest rate curve that the Company considers to be reasonable:

<b>Sensitivity (before tax)</b>	<b>12/31/2015</b>	<b>12/31/2014</b>
+0.5% (increase in interest rate curve)	-	544
-0.5% (decrease in interest rate curve)	-	(36)

The sensitivity analysis shows that the negative fair value of the interest rate derivatives decreases in the event of upward shifts in the interest rate curve, partially reducing the projected higher cost of borrowings.

The Company considers that interest rates for the financial debt will probably fluctuate by 0.5%. If the interest rates increase by this amount, the borrowing costs will rise by EUR 4,760 thousand in 2016, taking into account the expected maturities.

#### *Fair value of financial instruments: applicable valuation techniques and assumptions for measuring fair value*

The financial instruments are grouped together on three levels based on the degree to which the fair value is observable.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: those determinable on the basis of valuation techniques, which include inputs for the asset and liability that are not based on observable market data (unobservable inputs).

The exchange rate and foreign currency derivatives held by the Company until 2015 are classified as level 2 derivatives.

#### **7.4- NATURE AND RISK OF THE FINANCIAL INSTRUMENTS**

The Company has the mechanisms necessary to control, based on its financial structure and position and on the economic variables of the industry, exposure to changes in interest and exchange rate fluctuations and credit and liquidity risks, using specific hedging transactions, when necessary.

#### **7.5.- CASH AND CASH EQUIVALENTS-**

The balance of the heading "*Cash and cash equivalents*" on the accompanying balance sheet as of December 31, 2015 amounts to EUR 251,215 thousand (EUR 69,555 thousand as of December 31, 2014). This balance includes EUR 55,381 thousand received from the sale of DTS (*see Note 7.2*), as well as the cash inflow for EUR 61,639 thousand from the capital increase subscribed by International Media Group, S.à.r.l, net of costs (*see Note 8*).

#### **8- EQUITY**

The detail of the transactions recognized under "*Equity*" at December 31, 2015 and in 2014 is summarized in the statement of changes in equity.

##### **Share capital**

Both the share capital and the number of shares of the Company have been amended in 2015, on the occasion of the following transactions:

##### *Share capital reduction*

The share capital has been reduced by EUR 1.30, from the amount of EUR 215,807,875.30 to EUR 215,807,874, by redeeming 13 treasury shares with a par value of EUR 0.10, the proceeds of which contributed to the statutory reserve, in order to implement the resolutions adopted by the Annual General Meeting held on April 20, 2015 and to enable the grouping of shares and reverse split passed at the same Meeting.

##### *Grouping and exchange of shares or reverse split*

The 2,158,078,740 shares in which the share capital was divided further to the aforementioned reduction were grouped, cancelled and exchanged for 71,935,958 newly issued shares in the proportion of one new share for 30 old shares. The par value of the shares is increased from EUR 0.10 to EUR 3, without this entailing a change in the share capital, which remains at EUR 215,807,874 and the number of outstanding shares was reduced. The exchange of shares took effect from May 22, 2015.



### *Change of denomination of the shares*

As consequence of the amendment of the Bylaws, also approved at the Annual General Meeting held on April 20, 2015, the share capital of the Company is represented by ordinary shares, all belonging to the same class and series, having disappeared all references to the Class A shares.

### *Capital increase subscribed by shareholder International Media Group, S.à.r.l.*

By virtue of the delegation of authority to the Board of Directors to increase capital, granted by the Ordinary General Shareholders' Meeting held on April 20, 2015, in a meeting held on 14 November 2015 Prisa's Board of Directors approved a capital increase for a total amount (nominal value plus the share premium) of EUR 64,000 thousand, at an issue price per share of EUR 10 and excluding the existing shareholders' preferential subscription rights, which was subscribed by shareholder International Media Group, S.à.r.l. ("International Media Group") and paid up in full by a monetary contribution at the time of the subscription.

The capital increase was effected by the issue and allotment of ordinary shares, having obtained the mandatory report prepared by the auditor appointed by the Commercial Registry of Madrid confirming that the issue price is appropriate in the terms provided in the Spanish Capital Companies Act.

### *Exercise of Warrants 2013.*

Finally it is noted that during 2015 Warrants 2013 have not been exercise by its owners.

On December 31, 2015, and after the aforementioned transactions, the share capital of Prisa amounts to EUR 235,007,874 and is represented by 78,335,958 ordinary shares with a nominal value of EUR 3 each.

Share capital is fully subscribed and paid up.

On December 31, 2015, the significant shareholders of PRISA, according to information published in the CNMV are the following. However since some shareholders have not updated in the CNMV the number of voting rights that they hold after the grouping and exchange of shares or reverse split, the Company has calculated the estimate number of the voting rights that correspond to such shareholders (Nicolas Berggruen, Banco Santander, S.A, Fundación Bancaria Caixa D'Estalvis I Pensions de Barcelona/ CaixaBank, S.A, HSBC Holdings PLC, Grupo Herradura de Occidente, S.A. de CV/ Consorcio Transportista Occher, S.A. de C.V.), dividing by 30 the number of old shares they declared (one new share for 30 old shares).

<b>Shareholder's Name</b>	<b>Number of Direct Voting Rights</b>	<b>Number of Indirect Voting Rights</b>	<b>Total % of Voting Rights(1)</b>
RUCANDIO, S.A. (2)	-	13,729,811	17.53

GRUPO HERRADURA OCCIDENTE, S.A. DE C.V (2)	-	6,297,076	8.04
AMBER CAPITAL UK LLP (3)	-	10,550,034	13.47
INTERNATIONAL MEDIA GROUP, S.A.R.L (4)	6,400,000	-	8.17
DON NICOLAS BERGGRUEN (5)	6,115	947,433	1.22
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	-	2,997,879	3.83
BANCO SANTANDER, S.A. (6)	34,866	3,246,872	4.19
HSBC HOLDINGS PLC	-	5,845,758	7.46
TELEFONICA, S.A. (7)	3,586,245	-	4.58
SOCIETE GENERALE, S.A.	2,381,233	-	3.04

The aforementioned indirect shareholding is held as follows:

Indirect Shareholder's Name	Direct Shareholder's Name	Number of Direct Voting Rights
RUCANDIO, S.A.	TIMON, S.A.	264,271
RUCANDIO, S.A.	RUCANDIO INVERSIONES, SICAV, S.A.	11,303
RUCANDIO, S.A.	PROMOTORA DE PUBLICACIONES, S.L.	2,574,964
RUCANDIO, S.A.	ASGARD INVERSIONES, SLU	922,069
RUCANDIO, S.A.	OTNAS INVERSIONES, S.L.	3,100,000
RUCANDIO, S.A.	CONTRATO ACCIONISTAS PRISA	6,857,204
GRUPO HERRADURA OCCIDENTE, S.A. DE C.V	CONSORCIO TRANSPORTISTA OCCHER, S.A. DE C.V	6,297,076

AMBER CAPITAL UK LLP	AMBER ACTIVE INVERSTORS LIMITED	7,361,571
AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES LIMITED	2,692,884
AMBER CAPITAL UK LLP	AMBER SELECT OPPORTUNITIES LIMITED	495,579
DON NICOLAS BERGGRUEN	BH STORES IV, B.V	947,433
FUNDACION BANCARIA CAIXA D ESTALVIS I PENSIONS DE BARCELONA	CAIXABANK, S.A.	2,997,879
BANCO SANTANDER, S.A.	SOCIEDADES GRUPO SANTANDER	3,246,872
HSBC HOLDINGS PLC	HSBC BANK PLC	5,845,758

(1) The percentages of voting rights, have been calculated on the total voting rights in Prisa at December 31, 2015 (ie, 78,335,958).

(2) Rucandio indirectly holds the majority of votes in the Prisa Shareholders Agreement signed on April 24, 2014, whose terms were communicated to the CNMV.

Of the 6,297,076 (8.04%) voting rights held by Consorcio Transportista Occher, S.A. de C.V, 6,140,576 (7.84%) are linked to Prisa Shareholders Agreement and are already included in the 6,857,204 indirect voting rights declared by Rucandio through that Shareholders Agreement, therefore the 17.53% over the total voting rights of the Company, which is indirectly held by Rucandio, includes the 7.84% held by Consorcio Transportista Occher, S.A. de C.V. which is bound by the Shareholders' Agreement.

(3) Mr. Joseph Oughourlian, external director representing significant shareholdings, has stated to the Company: i) that the structure of his indirect stake in the share capital of the Company is as declared in the previous tables and ii) that he controls, per article 5 of the Consolidated Text of the Spanish Stock Exchange Act:

- o Amber Capital UK, LLP, which acts as investment manager to Amber Active Investors Limited, Amber Global Opportunities Limited and Amber Select Opportunities Limited.
- o Amber Capital LP, which acts as investment manager to Succinite XI Holdings II SARL.

In addition to the voting rights reflected in the above tables (indirect stake of Amber Capital UK LLP, through Active Investors Limited, Amber Global Opportunities Limited y Amber

Select Opportunities Limited) the company Succinite XI Holdings II SARL directly holds 1,872,210 voting rights of PRISA.

(4)The voting rights held by International Media Group, SARL have been declared to the CNMV by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani, external director representing significant shareholdings, as an indirect stake.

International Media Group, S.A.R.L. is 100% owned by International Media Group Limited which in turn is 100% owned by Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani.

(5)BH Stores IV, B.V. is a subsidiary of Berggruen Holdings LTD, a 100% subsidiary of Nicolas Berggruen Charitable Trust. The ultimate beneficiary of the shares of BH Stores IV, B.V. is Nicolas Berggruen Charitable Trust. Mr. Nicolás Berggruen is a member of the Board of Directors of Berggruen Holdings.

(6) The holder of the indirect interest of Banco Santander, S.A. is held through the following entities of Grupo Santander: Cántabra de Inversiones, S.A., Cántabro Catalana de Inversiones, S.A., Fomento e Inversiones, S.A., Títulos de Renta Fija, S.A., Carpe Diem Salud, S.L. and Suleyado 2003, S.L.

(7)Telefónica, S.A., pursuant to the transitory provision four of Royal Decree 878/2015 of 2 October and the entry into force of the new Article 28 bis of Royal Decree 1362/2007, has also communicated to the CNMV the holding of financial instruments linked to shares of PRISA, subject to net settlement in cash at December, 31 2015 (i.e 6,267,600 voting rights linked to the shares used as a reference for these instruments). In February 2016 and before the financial statements were drawn up by the Board of Directors, Telefónica has communicated to the CNMV the acquisition of Prisa's shares as a consequence of the execution of financial instruments.

### **Share premium**

The Recast Text of the Capital Companies Act expressly allows use of issue premium to increase capital against reserves. It establishes no specific restriction whatever regarding the availability of the balance of this reserve.

As a result of the capital increase approved on 14 November 2015, the share premium has increased by EUR 44,800 thousand. In addition, the costs net of tax associated with the capital increase have been discounted for the amount of EUR 2,075 thousand.

The amount of the issue premium reserve at December 31, 2015, is EUR 1,371,299 thousand and is available in full (December 31, 2014: EUR 1,328,671 thousand).

### **Issue of convertible bond**

A resolution was passed at the Ordinary Shareholders Meeting of Prisa held on June 30, 2012 to issue bonds mandatorily convertible into newly-issued Class A common shares with exclusion of pre-emption rights at a fixed conversion rate (1 share per EUR 1.03). This issue was carried out in July 2012 and entailed two tranches: Tranche A for EUR 334 million aimed at creditor banks via the cancellation of financial debt and Tranche B for EUR 100

million to be paid in cash by Telefónica, S.A.. The bond-share conversion was carried out on 7 July 2014, through the issuance of 421,359,217 new Class A ordinary shares.

The bond issue was treated as a compound financial instrument with a liability component, for the current guaranteed value of the coupon and a liability component, for the difference between the amount of the bond and the value allocated to the liability component. At December 31, 2015, the current guaranteed value of the coupon for bank lenders is recognised under “*Non-current bank borrowings*”, following payment of the portion to Telefónica (see Note 7.3).

## **Reserves**

### *Revaluation reserve 1983-*

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

### *Revaluation reserve Royal Decree-Law 7/1996-*

Under Royal Decree 2607/1996, of December 20, approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, of June 7, the surpluses arising from the revaluations must be charged to “*Revaluation reserve Royal Decree-Law 7/1996*.” The balance of this account at year end amounts to EUR 10,650 thousand and has been unrestricted since January 1, 2007.

### *Legal reserve-*

Under the Consolidated Text of the Corporate Enterprises 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 by the amount exceeding 10% of the new capital after the increase.

Except as indicated above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

The balance of this account at year end amounts to EUR 5,335 thousand.

### *Reserve for treasury shares-*

Article 142 of the Consolidated Text of the Corporate Enterprises Act states that when a company acquires treasury shares, it must record on the liability side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares. This reserve must be maintained until the shares are sold or canceled.

The balance of this account at year end amounts to EUR 2,386 thousand.

### *Bylaw-stipulated reserves-*

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

The balance of this account at year end amounts to EUR 11,885 thousand.

### *Voluntary reserves-*

The Company has recognised an increase in voluntary reserves for EUR 76,465 thousand, due mainly to the non-monetary contribution to Prisa Participadas for the shares in Prisa Radio. This increase is due to the recognition at consolidated values of the holding in Prisa Radio, as set out in applicable accounting regulations.

### **Treasury shares**

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

	Thousands of euros			
	2015		2014*	
	Number of shares	Amount	Number of shares	Amount
<b>At beginning of year</b>	<b>402,556</b>	<b>3,116</b>	<b>43,135</b>	<b>518</b>
Purchases	422,457	2,485	538,729	4,935
Deliveries	(367,976)	(2,977)	(179,308)	(2,500)
Reserve for treasury shares	-	(238)	-	163
<b>At end of year</b>	<b>457,037</b>	<b>2,386</b>	<b>402,556</b>	<b>3,116</b>

(\*) As a consequence of the reverse split executed by Prisa on May 22, 2015, the movement of the treasury share of 2014 has been restated for purposes of comparison.

At December 31, 2015, Promotora de Informaciones, S.A. held a total of 457,037 treasury shares, representing 0.583% of its share capital.

Treasury shares are valued at market price at December 31, 2015 (EUR 5.220 per share). The average acquisition price stood at EUR 6.136 per share. Their total cost is EUR 2,386 thousand.

At December 31, 2015, the Company did not hold any shares on loan.

### **Capital management policy**

The principal objective of the Group's capital management policy is to achieve an appropriate capital structure that guarantees the sustainability of its business, aligning shareholder interests with those of its various financial creditors.

During recent financial years, considerable efforts have been made to maintain the level of the Group's equity, such as increasing capital by converting 75 million warrants into shares in January 2012, issuing, during the same year, bonds mandatorily converted into shares in July 2014 in an amount of EUR 434 million, issuing EUR 315 million in shares to deal with the EUR 202 million warrants issued as part of Prisa's bank debt refinancing in 2013 and the

recent capital increases subscribed by Consorcio Transportista Occher, S.A. de C.V., and International Media Group S.à.r.l., for EUR 100 million and EUR 64 million, respectively (*see note 8*).

In 2015, Prisa also consolidated and exchanged shares with the aim of limiting the volatility of the share on the market without its value losing liquidity.

Additionally, with the agreement to refinance its financial debt signed in December 2013, the Group obtained greater flexibility in the process of debt reduction and an improvement in its liquidity profile (*see note 7.3*). This agreement establishes commitments to maintain leverage ratios and interest cover at specific levels.

During 2014 and 2015, the Group continued to shed debt using proceeds from the sale of 17.3% of Mediaset España, 56% of DTS and the trade publishing business, and with proceeds from the share capital increase subscribed by Occher (*see notes 1.b and 7.3*).

In addition, in 2016, Prisa came to an agreement with some of its main creditors to issue bonds mandatorily convertible into ordinary shares through swapping the company's financial debt (*see notes 1.b and 19*).

## 9. TAX MATTERS

As indicated under "Accounting Policies," the Company files consolidated income tax returns in Spain, in accordance with the Spanish Corporation Tax Law, and is the Parent of consolidated tax group 2/91. The companies included in the consolidated tax group are detailed in Appendixes I and II.

As the parent of the aforementioned consolidated tax group, Promotora de Informaciones, S.A. recognises the Group's overall position vis-à-vis the tax authorities resulting from application of the consolidated tax regime, in accordance with the following table:

	Thousands of Euros	
	2015	2014
<b>Sum of individual tax bases</b>	(119,425)	109,171
Consolidation adjustments		(91,225)
Offset of tax losses arising prior to inclusion in the Group		(7,778)
Offset of Group tax losses		(10,168)
<b>Consolidated taxable profit (tax loss)</b>	(119,425)	-
<b>Consolidated gross tax payable</b>	-	-
Double taxation tax credits generated	(2,144)	(2,185)
Investment tax credits		
<b>Net tax payable</b>	-	-
Withholdings from tax group	61	204
<b>Income tax refundable</b>	61	204

The consolidated tax Group's tax loss that has been recognised for accounting purposes amounts to EUR 119,425 thousand. The amount to be refunded for income tax for 2015 corresponds to withholdings from the tax group, for the amount of EUR 61 thousand, and is included under "Tax receivables" on the balance sheet.

**Reconciliation of the accounting profit (loss) to the taxable profit (tax loss)**

The reconciliation of the income and expenses for the year to the taxable profit (tax profit/loss) used to calculate the income tax expense for 2015 and 2014 is as follows (in thousands of Euros):



	2015			2014		
	Income statement	Items recognised in Equity with tax impact	Total	Income statement	Items recognised in Equity with tax impact	Total
Balance of income and expenses for the year from continue activities *	(1,852)	(2,173)	(4,025)	(118,791)	(2,533)	(121,324)
Income tax **	(77,262)	(845)	(78,107)	1,019	(1,086)	(67)
Withholding **	39	-	39	-	-	-
Adjustment of prior years' income tax **	(671)	-	(671)	13,769	-	13,769
Derecognition of tax credits **	4,017	-	4,017	36,932	-	36,932
Effect of the tax reform change of the tax rate **	1,662	-	1,662	31,064	-	31,064
Individual permanent differences **	(214,527)	-	(214,527)	54,674	-	54,674
Individual temporary differences **	139,541	-	139,541	54,541	-	54,541
Permanent differences on consolidation	-	-	-	(40)	-	(40)
<b>Taxable profit</b>	<b>(149,053)</b>	<b>(3,018)</b>	<b>(152,071)</b>	<b>73,168</b>	<b>(3,619)</b>	<b>69,549</b>

\* Discontinued operations do not have tax effect as it is a non deductible investment valuation provision, according to the Corporate Income Tax Regulation (see Note7.2)

\*\*This amount is a component of the recognised income tax

The permanent differences correspond mainly to: (i) the different accounting and tax treatment of investment valuation provisions and risks and expenses, which are not tax deductible and generate a positive net increase of EUR 8,081 thousand, (ii) the exemption of dividends, for EUR 10,047 thousand, to which section 21 of the Spanish Corporation Tax Law applies, (iii) a negative adjustment for 1% of the tax merger difference corresponding to 2015 (for EUR 4,824 thousand), arising from the merger operation of the companies Promotora de Informaciones, S.A. and Prisa Televisión, S.A.U. (merger by takeover described in Note 17 of the Financial Statement corresponding to 2013), applying the requirements of Article 89.3 of the Tax Law in force at that time to give it tax effect (iv), a negative adjustment for the amount which was given accounting effect, of the total capital loss generated for tax purposes in the year, as a result of the transfer of the stake in DTS, Distribuidora de Televisión Digital, S.A. (*see Note 7.2*). As of the date of preparation of these financial statements, the estimated total capital loss incurred, by applying the requirements of section 89 of the Tax Law, amounts to EUR 729,078 thousand and is the result of the allocating for tax purposes the cost of the holding transferred (EUR 980,299 thousand), the amount of the difference generated in the merger operation referred to in section (iii) (EUR 523,531 thousand). Of this amount, tax effects were given in the year to EUR 209,268 thousand, (v) a negative adjustment arising from the recovery for tax purposes of one tenth of the amount adjusted in previous years as a result of the limitation of the deductibility of the expense for depreciation/amortisation, for EUR 39 thousand and (vi) the contributions made to non-profit organisations for EUR 1,569 thousand, which generated an expense not deductible from the taxable profit.

The temporary differences originate mainly from (i) the differing accounting and tax treatments of the expense arising from other provisions, (ii) the limitation of the deductibility of financial expenses outlined in article 16 of the aforementioned Income Tax Law, which amounts to EUR 99,998 thousand and (iii) the differing accounting and tax recognition criteria resulting from the derecognitions generated in the year, as described in Note 7.3 of the Report, and in the previous year, as set out by article 11.13 of the Spanish Corporation Tax Law, which entails a positive net integration into the taxable profit of EUR 39,095 thousand.

In Equity are recorded expenses arising from transactions with equity instruments and the tax effect thereof.

### **Reconciliation of the accounting profit (loss) to the income tax expense**

The reconciliation of the accounting profit (loss) to the income tax expense is as follows (in thousands of Euros):

	2015			2014		
	Income statement	Items recognised in Equity with tax impact	Total	Income statement	Items recognised in Equity with tax impact	Total
<b>Accounting profit (loss) before tax from continue activities</b>	<b>(74,067)</b>	<b>(3,018)</b>	<b>(77,085)</b>	<b>(36,007)</b>	<b>(3,619)</b>	<b>(39,626)</b>
Rate of 28%	(20,739)	(845)	<b>(21,584)</b>	(10,802)	(1,086)	<b>(11,888)</b>
Individual permanent differences and permanent differences on consolidation	(26,628)	-	(26,628)	16,390	-	16,390
Impact of temporary differences	39,071	-	39,071	16,362	-	16,362
Double taxation tax credits	-	-	-	(4,569)	-	(4,569)
Current income tax	<b>(8,296)</b>	<b>(845)</b>	<b>(9,141)</b>	<b>17,381</b>	<b>(1,086)</b>	<b>16,295</b>
Deferred income tax	<b>(39,071)</b>	-	<b>(39,071)</b>	<b>(16,362)</b>	-	<b>(16,362)</b>
Deferred Income Tax due to the activation of tax credits by NTA*	<b>(29,856)</b>	-	<b>(29,856)</b>	-	-	-
Deferred Income Tax due to the activation of tax credits by DTD	<b>(39)</b>	-	<b>(39)</b>	-	-	-
Adjustment of prior years' income tax	<b>(671)</b>	-	<b>(671)</b>	<b>13,769</b>	-	<b>13,769</b>
Loss of tax credits	<b>4,017</b>	-	<b>4,017</b>	<b>36,932</b>	-	<b>36,932</b>
Effect of the tax reform change of the tax rate	<b>1,662</b>	-	<b>1,662</b>	<b>31,064</b>	-	<b>31,064</b>
Withholding	<b>39</b>	-	<b>39</b>	-	-	-
<b>Total income tax</b>	<b>(72,215)</b>	<b>(845)</b>	<b>(73,060)</b>	<b>82,784</b>	<b>(1,086)</b>	<b>(81,698)</b>

\* At rate of 25%

The Company has generated deductions to avoid double taxation on internal dividends, at an amount of EUR 39 thousand.

The entity Prisa TV, S.A.U. (A Company taken over by Promotora de Informaciones, S.A.), in the 2011, 2012 and 2013 financial years, availed itself of the deduction for the reinvestment of extraordinary income for the amount of EUR 41,662, EUR 25,786 and EUR 16,127 thousand, respectively, complying with the requirement to reinvest the sale price, through the acquisition of property, plant and equipment, intangible assets and financial assets, under the terms established in the regulations, in each of the years mentioned.

### Tax receivables and tax payables

The detail of the balances with Tax Receivables at 31 of December of 2015 is as follows (in thousands of Euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable/payable	1,464	-	-	-
Deferred tax assets arising from unused tax credits	-	87,655	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	142,818	-	-
Deferred tax assets arising from temporary differences	-	126,028	-	-
Deferred tax liabilities	-	-	-	11,231
VAT, personal income tax withholdings, social security taxes and other	659	-	1,091	-
<b>Total</b>	<b>2,123</b>	<b>356,501</b>	<b>1,091</b>	<b>11,231</b>

The detail of the balances with Tax Authorities at 31 of December of 2014 was as follows (in thousands of Euros):

	Receivable		Payable	
	Current	Non-current	Current	Non-current
Income tax refundable/payable	430	-	-	-
Deferred tax assets arising from unused tax credits	-	97,267	-	-
Deferred tax assets arising from negative tax losses upon tax consolidation	-	118,195	-	-
Deferred tax assets arising from temporary differences	-	127,596	-	-
Deferred tax liabilities	-	-	-	32,214
VAT, personal income tax withholdings, social security taxes and other	102	-	605	-
<b>Total</b>	<b>532</b>	<b>343,058</b>	<b>605</b>	<b>32,214</b>

## Deferred tax assets and liabilities

### *Deferred tax assets-*

The pending long-term credit vis-à-vis the Tax Authorities for an amount of EUR 356,501 thousand at December 31, 2015, recorded under "*Deferred tax assets*" corresponds mainly,

- (i) The amount of the deductions for double taxation and investments (other than deductions for export activities) generated by the tax Group which, even though they have not been applied, are registered in the accounting records.
- (ii) The taxable losses of the Consolidated Tax Group for the financial years 2011, 2012, 2013 and 2015 (only partially), which are pending application. Net variation in this respect for the year has entailed an addition of 24,623 thousands of Euros.
- (iii) The tax credit arising from the limitation of the deductibility of financial expenses, in accordance with the provisions of article 16 of the Corporation Tax Law, in the part corresponding to the Company, for EUR 110,209 thousand. Net variation in this respect for the year has entailed an addition of 30,960 thousands of Euros.
- (iv) The balance of the amount of the payment of certain tax assessments issued by the tax authorities, which are still the subject of an administrative, or where appropriate, judicial procedure, which the Company has not guaranteed but rather paid, for EUR 13,440 thousand.

As a result of modifying the tax rate for Corporate Income Tax, approved by Law 27/2014 of 27 November on Corporate Income Tax, which reduces it to 28% for the 2015 financial year and to 25% for the 2016 and later financial years, the company has adapted the deferred tax assets and liabilities on its balance sheet at the tax rate in force at the time when they are expected to be recovered or cancelled, recognising in its income statement a greater income tax expense for EUR 1,662 thousand.

The detail of the Tax Group's taxable losses is as follows:

	<b>Activated</b>	<b>Non- activated</b>
<b>Year of generation</b>	<b>Amount (thousands of Euros)</b>	<b>Amount (thousands of Euros)</b>
2011	108,589	
2012	287,748	
2013	55,509	
2015	119,425	519,810*

\* Estimated value at year-end

Once the relevant recoverability analysis was carried out, by applying the criteria of accounting regulations, has derecognised, for accounting purposes, from its balance sheet (not for tax purposes), the credits corresponding to deductions for investments for a total amount of EUR 11,759 thousand in the tax group.

The impact of this measure has generated a greater tax expense in the Company's income statement for an amount of EUR 4,017 thousand, and in the remaining companies of the Prisa consolidated tax group, of EUR 7,742 thousand.

Once carried out the aforementioned adjustment, the companies' business plans, together with determined tax planning actions, allow for the recovery of deferred tax assets and liabilities recorded in the balance sheet as of December 31, 2015 within ten years.

In the year, part of the "Provision for taxes" (see Note 11) was applied for EUR 57,359 thousand to de recognise part of the advance tax notices referred to in the above paragraph (iv).

The detail of the maturity of the Tax Group's tax deductions, differentiating between activated and non-activated (except the balance of the export tax credit) is as follows:

Year of statute of limitation	ACTIVATED	NON-ACTIVATED
	Amount (Thousands of Euros)	Amount (Thousands of Euros)
2016	61	-
2017	179	43
2018	-	25
2019	-	45
2020	-	2,623
2021	4	1,328
2022	334	6,708
2023	654	5,805
2024	219	7,969
2025	14,409	31,954
2026	4,704	6,464
2027	218	4,168
2028	7,106	3,042
2029	4,700	16,040
2030	4,390	-
2031	1,126	696
2032	37	1,198
No Limits	49,514	3,403
<b>TOTAL</b>	<b>87,655</b>	<b>91,511</b>

The recovery of deferred tax assets and liabilities of the consolidated tax Group is based on the most recent business plans of its member companies, which have been approved by the Group's management. The tax plan considers the operational developments of these companies, the estimated future cash flows obtained from the remaining companies not members of the consolidated tax Group, as well as other operations such as repurchasing debt at a discount.

The companies' plans are based on the development of the Group's strategy in the long term and a series of macroeconomic, industry hypotheses for the overall business, in addition to

maintaining the leadership position of the Group in the industries in which it operates. Forecasts and studies made by third parties were taken into account during approval.

Projections foresee increases within advertising market, in line with latest available studies. As long as businesses which rely heavily on advertising have a high percentage of fixed costs, an increase in advertising revenues shall have a positive impact on operating margins.

Additionally, projections include the development towards a fundamentally digital model with higher contribution margin. Costs will also be reduced as a result of the adjustment plans implemented in previous years.

Santillana in Spain and Latin America foresees an increase in revenue as a result of renewed educational contents, new digital developments and growth initiatives in extra-curricular activities, as well as maintaining institutional sales.

Finally, adjustments on corporate services will continue, which will be reduced in the next years.

Santillana and Radio operation's results in Latin America will contribute to generate future flows within the tax plan, in line with growth expectations foreseen for the countries in which the Group is present.

In addition, revenue is expected to increase due to repurchasing debt estimating an average discount in accordance with the debt contribution of Prisa at the end of the year. This debt repurchase will come from the remaining cash fund available at year end (*see note 19*) as well as from company operations.

#### *Deferred tax liabilities-*

The Deferred Tax Liability corresponds to two concepts, firstly (i) it includes the different accounting and tax recognition criteria for the financial income resulting from the derecognitions described in note 7.3 of the Report for an amount of EUR 11,187 thousand and secondly, (ii) it includes the different accounting and tax treatment of the recognition in equity of the adjustment to fair value (listed price) of the share in Mediaset explained in note 7.1 of the Report for an amount of EUR 44 thousand.

#### **Years open to examination by the tax authorities**

In 2006, the tax authorities completed their audit for consolidated income tax for 1999, 2000, 2001, and 2002 relating to VAT, personal income tax withholdings and repayments (employees and professionals), tax on property income, investment income tax and non-resident income tax for June 2000 to May 2004. The relevant appeals and claims were filed by the Company against the settlement agreements relating to Corporate Income Tax arising from the aforementioned audits. Both the resolutions of the TEAC and the judgements of the National High Court partially upheld the Group's claims, in spite of which, the corresponding cassation appeals were filed against them before the Supreme Court.

The cassation appeals relating to the 2001 and 2002 financial years were rejected due to formal matters, as were the motions for annulment raised against the rejection. The

Company submitted the corresponding appeals before the Constitutional Court, which were rejected in the financial year.

In the 2013 financial year, two decisions from the Supreme Court partially upholding the Group's position were notified to the Company, which resolved the cassation appeals relating to Corporate Income Tax from the 2000 and 1999 financial years, confirming the criteria of the audit relating to the proposed adjustment of the export tax credit generated at Grupo Prisa during those financial years.

Against the settlements arising from the execution by the Tax Authorities, of the partially upheld sentences from the Supreme Court relating to the 1999 financial year (for an amount of EUR 5,736 thousand), the 2000 financial year (EUR 7,461 thousand) and the decree of denial corresponding to the 2001 financial year (EUR 17,069 thousand), the Company filed an appeal for judicial review before the National High Court, and, despite this appeal, proceed to pay it.

In the 2010 financial year, the audits for the consolidated Corporate Income Tax corresponding to the 2003 to 2005 financial years were completed, issuing the corresponding Notice that was signed on a contested basis and that includes a settlement amounting to EUR 20,907 thousand (tax plus interest). A decision was received from the TEAC rejecting the appeal to the Board of Tax Appeals and the Company proceeded to lodge the corresponding appeal for judicial review before the National High Court, and, on the date of formulating these annual accounts, a decision has not yet been handed down. The tax liability arising from this Notice, despite being appealed, was paid.

The audit relating to VAT from June 2004 to December 2006 concluded with the issuance of a Notice signed on a contested basis amounting to EUR 5,416 thousand, against which the company filed the corresponding appeals and claims. Both the resolution of the TEAC and the judgements of the National High Court partially upheld the Group's claims and, in the financial year, the company proceeded to file the corresponding cassation appeals before the Supreme Court. The tax liability arising from this Notice, despite being appealed, was paid, and was recognized as a long-term credit vis-à-vis the Revenue Authorities.

In the 2013 financial year, the tax audits at the consolidated tax Group relating to income tax for 2006 to 2008 were completed, with the issuance of a notice signed on a contested basis, amounting to EUR 9 thousand, which was paid by the Company. Since the Company did not agree with the criteria used in the tax audit relating to the proposed adjustment, it filed an appeal to the Board of Tax Appeals at the TEAC, for which a decision has not yet been handed down. The determination agreement included the adjustment by the tax audit of all the tax credits for export activities arising in that period.

With regards to VAT for the period from June 2007 to December 2008, the tax audits concluded during the 2013 financial year with the issuance of two Notices, one for EUR 539 thousand, and the other for EUR 4,430 thousand, have both been the subject of appeal to the Board of Tax Appeals before the TEAC and a decision has not yet been handed down. Even though the relevant appeals have been filed, the tax liability arising from these Notices has been paid and was recognized as a long-term credit vis à vis the Revenue Authorities.



During 2011, verification and inquiry actions were initiated with regard to the tax on raffles, tombolas, wagers and promotional draws for 2007 to 2010 at Prisa Televisión, S.A.U. (a company taken over by Promotora de Informaciones, S.A.), which concluded with the issuance of a notice signed on a contested basis from which a determination of EUR 8,570 thousand arose (tax plus interest), against which the Company filed the corresponding appeals and claims. Both the resolution of the TEAC and the Judgement of the National High Court, handed down in that financial year, partially upheld the Group's claims, in spite of which, the corresponding cassation appeals were filed against them before the Supreme Court and, on the date of preparing these annual accounts, the company proceeded to file the corresponding cassation appeals before the Supreme Court. Even though the relevant appeals were filed, the tax liability arising from these Notices was paid and recognized as a credit vis à vis the Revenue Authorities. During the financial year, the Tax Authority executed the resolution partially upheld by the TEAC, and refunded the Company EUR 7,441 thousand.

In 2014, audits began at the consolidated tax Group fiscal 2/91, of which Promotora de Informaciones, S.A. is the parent company, for income tax for the years 2009 to 2011. This audit also included VAT for the period from May 2010 to December 2011 of the consolidated tax Group 105/08, of which Promotora de Informaciones, S.A. is the parent company, and the personal income tax withholdings and repayments (employees and professionals) corresponding to the period from May 2010 to December 2012 and non-resident income tax withholdings corresponding to the period 2011.

On the date of preparation of these financial statements, the audits referred to in the above paragraph with respect to non-resident income tax withholdings have been completed, without any adjustment having arisen for the company for this item.

The provision for taxes (*see note 11*) includes an amount of EUR 17,800 thousand to cover potential unfavourable rulings upheld during the various tax proceedings described above.

The Company has all state taxes open to examination since 2012, except for withholdings and repayments. Additionally, the Company has the last four years open to examination for all non-state taxes. The Company considers that it is unlikely that any additional material contingencies will arise from a tax audit of the returns open to examination.

### **Transactions under the special regime**

The disclosures required by Article 86 of the Spanish Corporation Tax Law relating to corporate restructuring transactions under the special regime of Chapter VII of Title VII of the aforementioned legislation, made in previous years, are included in the notes to the financial statements of the years in which these transactions took place.

In addition, such information regarding the operation of a non-monetary contribution made by Promotora de Informaciones, S.A. to the company Prisa Participadas, S.L. involving 100% of the shares owned by Prisa in the company Prisa Radio, S.A. (*see note 7.1*) is shown in the table below:

	Thousands of Euros
Book and tax value of delivered securities - Prisa Radio, S.A.:	109,929
Value by which values received have been recorded - Prisa Participadas, S.L.	185,522

## 10.- INCOME AND EXPENSE

### Employees

The detail of “*Employee benefits costs*” in the income statements for 2015 and 2014 is as follows (thousands of euros):

	2015	2014
Employer social security costs	964	1,286
Other employee benefit costs	216	251
<b>Total</b>	<b>1,180</b>	<b>1,537</b>

The average number of employees in 2015 was 83 and 2014 was 103, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2015		2014	
	Men	Women	Men	Women
Executives	17	6	19	6
Middle management	9	9	13	11
Qualified line personnel	10	21	12	28
Other	-	11	2	12
<b>Total</b>	<b>36</b>	<b>47</b>	<b>46</b>	<b>57</b>

The number of employees at December 31, 2015 was 77 and at December 31, 2014 was 102, all of whom had a permanent employment contract. The detail, by gender and professional category, is as follows:

	2015		2014	
	Men	Women	Men	Women
Executives	15	7	21	5
Middle management	8	8	11	11
Qualified line personnel	8	20	12	29
Other	-	11	1	12
<b>Total</b>	<b>31</b>	<b>46</b>	<b>45</b>	<b>57</b>

## Fees paid to auditors

The fees for financial audit services relating to the 2015 financial statements of the various companies composing the Prisa Group and subsidiaries provided by Deloitte, S.L. and by other entities related to the auditor amounted to EUR 1,530 thousand (2014: EUR 1,775 thousand), of which EUR 180 thousand relate to Prisa (2014: EUR 180 thousand). Also, the fees relating to other auditors involved in the 2015 audit of the various Group companies amounted to EUR 343 thousand (2014: EUR 269 thousand).

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor, and fees paid in this connection to other auditors participating in the audit of the various Group companies are as follows (in thousands of euros):

	Amount (thousands of euros)			
	2015		2014	
	Auditor and related companies	Other audit firms	Auditor and related companies	Other audit firms
Other verification services	548	98	539	162
Tax advisory services	396	362	461	108
Other services	102	306	395	348
<b>Other professional services</b>	<b>1,046</b>	<b>766</b>	<b>1,395</b>	<b>618</b>

Fees for other professional services provided to the Company by the principal auditor and by other entities related to the auditor are as follows:

	Amount (thousands of euros)	
	2015	2014
Other verification services	281	291
Tax advisory services	146	146
Other services	30	204
<b>Other professional services</b>	<b>457</b>	<b>641</b>

## 11.- PROVISIONS AND CONTINGENCIES

The changes in “*Provisions and contingencies*” in 2015 are as follows (in thousands of euros):

	Balance at 12/31/2014	Additions	Transfers	Disposals	Balance at 12/31/2015
Provision for taxes-	75,958	0	(57,359)	(799)	17,800
Provision for litigation in progress	-	960	25	-	985
Provisions for third-party liability-	309,119	8,325	(223,927)	(1,166)	92,351
<b>Total cost</b>	<b>385,077</b>	<b>9,285</b>	<b>(281,261)</b>	<b>(1,965)</b>	<b>111,136</b>

In the year, part of the “Provision for taxes” (see note 9) amounting to EURO 57,359 thousand was applied to cancel part of the advance tax notices balance.

In relation to the heading “*Provision for litigation underway*”, the Company has provisioned EUR 960 thousand corresponding to the Supreme Court ruling dated 13 November 2015 confirming a penalty imposed on Warner Sogefilms, whereby the CNMC will initiate a procedure to determine the amount of the fine. 40% of that amount must be covered by the Company as a result of its merger with Sogecable S.A.

The additions under the heading “*Provisions for third-party liability*” correspond basically to the increases in the provisions established to cover the negative equity of the Prisa Tecnología, S.L. companies as of December 31, 2015.

The amounts described above have been recognised with a charge to the heading “*Impairment of financial assets*” in the accompanying income statement. The provisions for third-party liability in Prisaprint, S.L. have been transferred at a lower value for the stake due to the contribution made to re-establish its balance.

## 12.- SHARE-BASED PAYMENTS

The Ordinary Shareholders Meeting held on April 28, 2014 authorised delivery, over a term of five years, of shares of the Company as payment of compensation of directors of the Company and a defined group of executives of the Prisa Group. This authorisation may be used in particular, and without limitation, to make payment in shares in the following compensation categories:

- i) Fixed remuneration for belonging to the Board is payable to each of the external directors, to be chosen by them, entirely in cash or 60% cash and 40% in shares of PRISA:

When the choice of director is partial payment in shares of PRISA, they are delivered quarterly. It is recognized an expense for this item on the income statement for 2015 in the amount of EUR 217.5 thousand.

The 26,352 shares accrued in this category over that period have not yet been fully delivered.

In September 2015 Prisa delivered 5,372 shares, in partial payment of the fixed compensation of external directors for the fourth quarter of 2014. The corresponding expense was entered in the profit and loss account for 2014.

ii) Variable annual compensation (annual bonus) of the inside directors of the Company and the Executives of the Prisa Group, when it has been resolved that it will be paid in whole or in part in PRISA shares.

iii) Long term variable compensation (long term incentive) of inside directors of the Company and the Executives of the Prisa Group:

- o In 2015 the Nominating and Compensation Committee approved payment in shares for the 2012/2014 period of the long term incentive of certain executives of companies in the Prisa Group that was passed at the 2011 General Shareholders Meeting. One of which, Mr Jose Luis Sainz Díaz, executive director of the Company), has received 368,503 shares of the Company (number of old shares of the Company that after the reverse split and exchange of shares made on 22 May 2015, are equivalent to 12,283 new shares).

In 2015 the Company delivered 10,182,455 shares in this category (number of old shares of the Company that after the reverse split and exchange of shares made on 22 May 2015, are equivalent to 339,415 new shares) from which 3,561,731 shares correspond to Prisa officers (number of old shares of the Company that after the reverse split and exchange of shares made on 22 May 2015, are equivalent to 118,724 new shares), and the other shares to the other consolidated Group companies officers subject to the ILP Plan. The total amount of these shares is EUR 1,982 thousand that were recorded as an expense in the profit and loss account for the periods of validity of the plan.

- o The Ordinary Shareholders Meeting held on April 28, 2014 authorised a long term incentive of the Company (ILP), whereby a given number of ordinary shares of the Company and a given amount of cash may be delivered to a specific group of inside directors of the Company and key executives of the Group, based on their level of responsibility and contribution to the results of the Group, as variable compensation tied to achievement of long term objectives. The Plan is for a term of three years, from January 1, 2014 to December 31, 2016.

For this item Prisa entered an expense and the amount of EUR 634 thousand in the profit and loss account for 2015. Calculation of the long term incentive (incentivo a largo plazo, or "ILP") and payment in cash and delivery of shares will occur in 2017, on the terms and conditions established, on proposal of the Nominating and Compensation Committee, by the Board of Directors, which will determine the specific date of delivery of the shares and payment of the cash amount.

Of the three inside directors, only Mr. Manuel Polanco Moreno is a current beneficiary of the ILP.

- o In the profit and loss account for 2015 there is an expense in the amount of EUR 250 thousand, in the category of variable multiyear incentive of the Executive Chairman,

Mr. Juan Luis Cebrián Echarri. It is payable in shares of Prisa, from January 2016, subject to certain conditions.

- Pursuant to the terms of his contract with the Company, the inside director Mr. José Luis Sainz will be entitled to receive a multi-year variable incentive, payable in shares of PRISA, subject to fulfilment of the strategic plans of the Company and his personal performance, for the 2014-2016 and 2017-2018 periods. In the profit and loss account for 2015 there is an expense in the amount of EUR 167 thousand in this category.

### 13.- GUARANTEE COMMITMENTS TO THIRD PARTIES

At December 31, 2015, Prisa had furnished bank guarantees amounting to EUR 2,002 thousand.

In the first half of the financial year 2015, the Company cancelled the guarantees corresponding to tax assessments for 1999, 2000 and 2001 by the tax authorities which were signed on a contested basis for the amount of EUR 32,366 thousand, once they had been paid (*see note 9*).

Also in the first half of 2015, the Company cancelled the guarantee in favour of Cisco Systems Capital Spain, S.L. for EUR 13,462 thousand as a result of the sale of 56% in DTS. This guarantee referred to the framework financial lease contract signed between that company and DTS in 2011, whereby Cisco became the exclusive supplier of the iplus set-top boxes.

### 14.- FUTURE COMMITMENTS

By virtue of an agreement entered into with Indra Sistemas, S.A. on December 22, 2009, Prisa assumed payment commitments totalling EUR 267,225 thousand with the aforementioned company for the next seven years. In 2012, the scope of the project changed, affecting the service in Latin America and Spain, and certain criteria for the invoicing were modified, while the straight-line in arrears model was replaced with a consumption-based model in several services. As a result of these changes, the amount of the future commitments initially agreed on has also changed.

Invoicing in the years 2010 to 2015 has reached EUR 160,660 thousand (the 2015 figure excludes the amounts invoiced by Indra to DTS and Catsa since they were excluded from the consolidation scope) and the new future commitments estimated for the remainder of the contract amount to EUR 39,069 thousand.

Year	Thousands of euros
2016	18,741
2017	20,328
	<b>39,069</b>

Additionally, from 2013 Indra directly bill each business unit for the expenses associate with the services rendered, and each business unit undertake the payment of the quantities billed. Prisa considers the service used like another business unit.

*Past-due payments to creditors-*

The information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of 29 January 2016, in relation to the average period of payment to suppliers in commercial operations, is as follows.

As permitted by Sole Additional Provision of the aforementioned Resolution, being this the first year of its application, comparative information is not submitted.

	<b>2015</b>
	<i>Days</i>
Average payment period to suppliers	74
Ratio paid operations	74
Ratio of outstanding payment transactions	73
<i>Amount (thousands of euros)</i>	
Total payments	25,420
Total outstanding payments	3,443

To calculate the average period of payment to suppliers, the payments made in 2015 for commercial operations corresponding to the delivery of goods or service provisions are taken into account, as well as the amounts for these operations pending liquidation at year end 2015 that are included under “*Trade payables*” of the attached consolidated balance sheet, referring only to the Spanish entities included in the consolidated group.

For the sole purposes of providing the information set forth in this Resolution, providers shall mean business creditors for debts with providers of goods or services included in headings “Providers”, “Group and associated companies providers” and “Sundry accounts payable” of the current liabilities of the balance sheet.

“Average period of payment to suppliers” is understood to mean the period from the delivery of the goods or provision of the services by the supplier to the eventual payment of the transaction.

The maximum legal period of payment applicable in 2015 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is 60 days. The average period of payment to the Company's suppliers exceeds the statutory maximum period partially on account of agreements arrived at with suppliers to defer payments or, where relevant, to initiate expenditure.

## 15.- RELATED PARTY TRANSACTIONS

The transactions performed with Group companies, associates and related parties in 2015 and 2014 are as follows in thousands of euros:

	12/31/2015		12/31/2014	
	Group companies or entities	Significant shareholders	Group companies or entities	Significant shareholders
Receivables	2,059	-	6,480	15
Financial credits	176,242	36,343	477,766	25,000
<b>Total receivable accounts</b>	<b>178,301</b>	<b>36,343</b>	<b>484,246</b>	<b>25,015</b>
Trade payables	257	636	105	1,119
Financial loans	974,377	619,886	943,703	837,354
<b>Total payable accounts</b>	<b>974,634</b>	<b>620,522</b>	<b>943,808</b>	<b>838,473</b>

The transactions performed with Group companies, associates and related parties in 2015 and 2014 are as follows in thousands of euros:

	12/31/2015			12/31/2014		
	Directors and executives	Group companies or entities	Significant shareholders	Directors and executives	Group employees, companies or entities	Significant shareholders
Services received	-	5,912	18,194	-	7,044	31,965
Finance expenses	90	2,358	1,914	-	1,243	3,090
Other expenses	13,029	-	3,612	17,810	-	-
<b>Total expenses</b>	<b>13,119</b>	<b>8,270</b>	<b>23,720</b>	<b>17,810</b>	<b>8,287</b>	<b>35,055</b>
Finance income	-	3,806	105	-	9,424	314
Dividends received	-	10,047	-	-	18,231	-
Other income	-	11,262	64	-	14,572	47
<b>Total revenues</b>	<b>-</b>	<b>25,115</b>	<b>169</b>	<b>-</b>	<b>42,227</b>	<b>361</b>

All related party transactions have taken place under market conditions.

The aggregate amount of EUR 13,029 thousand relates to the accrued salaries of directors (see Note 16) and executives.

*Remuneration of senior executives-*

The total aggregate compensation of members of senior management in 2015, of Promotora de Informaciones, S.A. and other companies in the Group amounts to EUR 6,597 thousand (EUR 4,682 thousand in 2014) and will be paid in the short term.



This compensation is the accounting reflection of the overall compensation of executives and therefore do not match with the remuneration accrued in 2015 that is included in the Annual Report of Corporate Governance in which is followed the accrual basis criteria (and not an accounting provision basis) as required by the CNMV.

The aggregate compensation of the managers is the compensation of members of senior management, that being understood to be the members of the Business Management Committee that are not executive directors and have an employment relationship with Prisa and other companies in the Group and, furthermore, the internal audit manager of Promotora de Informaciones, S.A. Specifically, it is that of the following executives: Mr. Fernando Martínez Albacete, Mr. Antonio García-Mon, Ms. Bárbara Manrique de Lara, Mr. Antonio Alonso Salterain, Ms. Noelia Fernández Arroyo, Mr. Miguel Ángel Cayuela Sebastián, Mr. Andrés Cardó Soria, Mr. Manuel Mirat Santiago, Ms. Rosa Culler and Ms. Virginia Fernández.

Is also included within the total compensation of senior management that corresponding to:

- Mr. Pedro García Guillén until the sale of DTS Distribuidora de Televisión Digital, SA, of which Mr. García Guillén was CEO, by Prisa to Telefónica de Contenidos, SAU, on April 30, 2015.
- Mr Javier Lázaro until his resignation as CFO in October 2015.
- Mr. Antonio Alonso Salterain and Ms. Noelia Hernández Arroyo since their appointments as Revenue Officer and Managing Director of Business Development and Digital Transformation, respectively, in April 2015.

The aggregated remuneration of senior management includes, inter alia:

- Annual variable compensation (bonus): reflection of the amount corresponding to theoretical annual variable compensation of the executives if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- The accounting adjustment made after the settlement of 2014 bonus, paid in April 2015.
- The accounting provision of long-term variable (ILP) approved by the Ordinary Shareholders' Meeting held on April 28, 2014, to be settled in the year 2017 into common shares of the Company and cash, subject to achievement of the management objectives.
- The accounting adjustment made after the settlement, in 2015, of the long-term variable remuneration for the cycle II (period 2012/2014) of ILP 2011.

*Transactions between Group companies, associates and related parties-*

Income from services rendered corresponds basically to central corporate services.

The detail, by company, of the dividend income paid by Group companies in 2015 and 2014 is as follows in thousands of euros:

	2015	2014
Grupo Santillana Edición Global, S.L.	-	15,000
Mediaset	11	-
Vertex, S.G.P.S.	10,000	3,000
Canal Club, S.A.	47	231
<b>Total</b>	<b>10,058</b>	<b>18,231</b>

*Transactions between with significant shareholders -*

The aggregate amount of EUR 23,720 thousand mainly consists of interest accruing on credits granted by major shareholders to Prisa and expenditure on telephony and Internet by Prisa Group companies with Telefónica, S.A.

*Transactions with significant shareholders -*

The detail of other transactions performed with related parties is as follows in thousands of euros:

**2015**

	12/31/2015
	Significant shareholders
Financing agreements: capital contributions (see Note 8)	64,000

The amount of EUR 64,000 thousand corresponds to the capital increase subscribed by International Media Group, S.a.r. (see Note 8).

**2014**

	12/31/2014
	Significant shareholders
Financing agreements: loans received	837,354
Financing agreements: capital contributions	456,217
Sale of financial assets	719,086
Guarantees provided	8,378
Other transactions	25,721

## 16.- REMUNERATION AND OTHER BENEFITS OF DIRECTORS

During 2015 and 2014 the accounting provisions recorded by Promotora de Informaciones, S.A. as compensation of members of the Prisa Board of Directors. Are the following:

	Thousand of euros	
	12/31/2015	12/31/2014
Fixed compensation	2,057	1,687
Variable compensation	2,411	3,438
Per diems	392	485
Bylaws benefits	1,225	1,247
Other	347	6,162
<b>Total</b>	<b>6,432</b>	<b>13,019</b>

Regarding the 2015 financial year:

i) The overall compensation of the Board of Directors includes the compensation of Mr Fernando Abril-Martorell, Mr Emmanuel Roman and Mr Juan Arena de la Mora, until their resignation as a directors, in 2015;

ii) The aggregated remuneration of directors and senior management reflected in the table above corresponds to the accounting provisions made in the income statement of Promotora de Informaciones, S.A. (Prisa).

iii) Therefore the compensation included in the table above, do not match, in some respects, with the remuneration accrued in 2015 that is included in the Annual Remuneration Report of the Directors (IR), in which is followed the accrual basis (and not an accounting provision basis) as required by the CNMV in the "Circular 4/2013 of the CNMV, whereby the model of annual report remuneration of directors is established", and in the Annual Report on Corporate Governance (IAGC).

iv) The items included in the variable remuneration of directors in the above table and the differences with the amounts declared in the IR and the IAGC, are the following:

- Annual variable compensation (bonus): accounting provisions of the amount corresponding to theoretical annual variable compensation of the directors if management objectives are achieved. However, since this compensation is subject to achievement of the management objectives at the end of the year 2015, the accounting figure in no way constitutes acknowledgment that that variable compensation has accrued, which will occur, if at all, once the year is closed and the annual accounts of the Group are prepared, based on the level of achievement of the established objectives.
- Variable multiyear incentive of the Executive Chairman, Mr Juan Luis Cebrian Echarri, which is payable in shares of Prisa, from January 2016, subject to certain conditions: the above table includes the accounting expenses recorded in the income statement of 2015 in the amount of EUR 250 thousand.
- Long-term variable remuneration of the executive director Mr. José Luis Sainz payable in shares of PRISA in 2017, subject to compliance with the strategic plans of the Company

and their personal performance for the periods 2014-2016 in accordance with the provisions of his contract: the above table includes the accounting expenses recorded in the income statement of 2015 in the amount of EUR 167 thousand and is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2015.

- o Long-term variable remuneration (long-term incentive or ILP) of the executive director Mr. Manuel Polanco Moreno, authorized by the Annual Shareholders' Meeting held on April 28, 2014, to be settled in the year 2017 into ordinary shares of the Company and cash, depending on their level of responsibility and contribution to the Group's results in variable remuneration linked to the fulfillment of long-term goals: the above table includes the accounting expenses recorded in the income statement of 2015 in the amount of EUR 75 thousand and is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2015.
- o It is stated that, additionally, the Executive Chairman, Mr. Juan Luis Cebrián Echarri is entitled for each of the years 2014, 2015, 2016, 2017 and 2018, to an annual contribution of EUR 1,200 thousand, as retirement bonus, which will be delivered to Mr. Cebrián in full at the end of his contract (December 31, 2020), and will be vested even in the event of early termination of the contract. In 2014 the Company entered a provision covering the total amount of the retirement bonus (EUR 6,000 thousand) so it is not included in the table above. This amount is not declared in the Annual Report on Remuneration of Directors, within the remuneration accrued in the year 2015.
- o The accounting adjustment made after the settlement of 2014 bonus, paid in April 2015.
- o The accounting adjustment made after the settlement, in 2015, of the long-term variable remuneration for the cycle II (period 2012/2014) of ILP 2011.
- v) "Bylaws benefits" includes the accounting provision made in the income statement regarding the fixed remuneration of directors for their membership to the Board, the Delegated Commission and the Committees. This amount does not match with the amount declared in the Annual Report on Remuneration of Directors (accrued amount) due to the changes occurred in the composition of the Board and Committees in the last quarter of the year.
- vi) Also under "Other" are included the EUR 90 thousand received by the director Mr. Gregorio Marañón and Bertrán de Lis for the rendering of legal services, but this amount is included in the tables of section D of the Annual Report on Remuneration of Directors.

Information about this transaction is included in Note 15 (related party transactions) of this report.

vii) No other credits, advances or loans occurred, nor were pension obligations incurred, in respect of the Board of Directors during 2015.

## 17.- INFORMATION REGARDING CONFLICT OF INTEREST SITUATIONS OF DIRECTORS

For purposes of article 229 of the Capital Companies Act it is noted that, as at the end of 2015, the Board of Directors had not been advised of direct or indirect conflict situations that directors or persons related thereto (in accordance with article 231 of the aforesaid Act) might have had with the interests of the Company.

Notwithstanding the foregoing, the Board of Directors has been informed of the following activities engaged in by members of the Board of Directors, and certain persons related thereto, in companies engaged in activities of the same or an analogous or complementary kind as the one constituting the purpose of the Company or the companies in its Group:

Director	Activity	Person related to the Director	Activity
<b>Juan Luis Cebrián Echarri</b>	Director of the following companies: Le Monde, Le Monde Libre and Societe Editrice Du Monde.		
<b>Gregorio Marañón</b>	Chairman of Universal Music Spain, S.L.		
<b>Arianna Huffington</b>	Chairman and Director of "The Huffington Post Media Group".  0.0001% interest in the share capital of Verizon Communications Inc.		
<b>John Paton</b>	Interest in the share capital of Digital First Media. Director of Guardian Media Group.		
<b>Jose Luis Leal Maldonado</b>	0.05% interest in the share capital of Punto y Seguido, S.A.		

<b>Alain Minc</b>	Director of Caixabank, S.A. (significant shareholder of PRISA and one of the PRISA creditor banking institutions with which the Company's refinancing was signed).	Son	Editor of "Version Femina", "Paris Match" and "Journal du Dimanche" (published by Lagardère Group).
<b>Claudio Boada</b>	Senior Advisor of HSBC in Spain and Portugal (significant shareholder of PRISA and one of the PRISA creditor banking institutions with which the Company's refinancing was signed).		
<b>Joseph Oughourlian</b>	See note below (*)		
<b>Shk. Dr. Khalid bin Thani bin Abdullah Al-Thani</b>	Vice Chairman de Dar Al Sharq Printing Publishing & Distribution Co.  Vice Chairman de Dar Al Arab Printing & Distribution Co.		

(\*) Mr. Joseph Oughourlian controls Amber Capital, its affiliates and subsidiaries (together "Amber Capital"), which act as investment manager, general partners, managing members and managers to funds, accounts, and other investment vehicles (together, the "Amber Funds") that invest in public and private companies in Europe, North America and Latin America, which includes trading in entities with activities the same, similar or complementary to Prisa. Mr. Oughourlian also act as a managing partner to Amber Capital and as a portfolio manager to various Amber Funds.

Mr. Oughourlian is director of Cofide SpA, which is an Italian holding company operating in numerous industries, including publishing through an investment in Editoriale L'Espresso.

The companies in the Prisa Group are not included in this list. As already indicated in the Annual Corporate Governance Report of the Company, the following Directors of Promotora de Informaciones, S.A. are members of management bodies of certain companies in the Prisa Group: Juan Luis Cebrián Echarri, Jose Luis Sainz Díaz, Manuel Polanco Moreno, Arianna Huffington and John Paton.

## **18.- LITIGATION AND ONGOING CLAIMS**

On 24 July 2006 Audiovisual Sport, S.L. ("AVS"), Sogecable, S.A.U. (now Prisa), TVC Multimedia, S.L. and Mediaproducción, S.L. ("Mediapro") reached an agreement for the exploitation of the Football League rights for the 2006/07 season and subsequent seasons. The main object of this agreement was to maintain the televised football exploitation model that had allowed, under AVS' coordination, the broadcasting of all League matches in a peaceful, stable and orderly manner since 1997.

In that agreement, the parties agreed to provide AVS with all agreements governing the rights of various football Clubs for their joint exploitation by the latter company. In addition, it was also agreed to sell to Mediapro the rights for the exploitation of freeview television and the exploitation rights in international markets, as well as Mediapro's entry into AVS's share capital.

Following Mediapro's repeated breaches of the agreement from the moment immediately following its signature, and its failure to pay the amounts owed to AVS, the latter filed a lawsuit against Mediapro on 3 July 2007, which was extended on 31 July 2007.

On 28 September 2007 Mediapro replied to the claim and issued a counter-claim against the other signatories of the agreement of 24 July 2006, claiming that it was void.

On 8 October 2007 Madrid Court of First Instance no. 36 granted the interim measures requested by AVS against Mediapro, holding that the First Division Clubs' rights relating to the 2007/2008 season to which the application for interim measures related belonged to AVS, and also resolving that "Mediapro be forbidden, during the 2007/08 football season, to make any disposal of exploitation of the audiovisual rights assigned to AVS, except for any legitimate use of said rights further to the legal relationship arising from the Agreement of 24 July 2006". In compliance with the said order, AVS submitted to the Court a guarantee for the sum of €50 million to secure compliance with its contractual obligations. The order of 8 October 2007 was revoked by the Provincial Court of Madrid in July 2008, and the above mentioned guarantee remains at the disposal of the Court of First Instance until the end of the proceedings for the settlement of damages, which was subject to the final resolution of the main proceedings, something that happened with the judgment dated 9 January 2015 (explained below). Therefore, overpassed the 14 September 2015, Mediapro requested the waiver of the suspension and the continuation of the proceeding in relation to the interim measures of 8 October 2008. With a judicial order of 28 September 2015, the Court has agreed to continue with the process and has requested a judicial third party to determine,

considering the Supreme Court ruling, the amount of possible damages caused with the adoption of the interim measures, granting a term of 5 months to complete that exercise.

In addition, in its judgment of 15 March 2010, the Court fully upheld the claim filed by AV, dismissing the counter-claim brought by Mediapro against AVS, Prisa and TVC. In its judgment, the Court ordered Mediapro to pay AVS more than €95 million by way of outstanding amounts owed to AVS under the provisions of the agreement of 24 July 2006, as well as by way of damages arising from the above mentioned breaches. The judgment also ordered Mediapro to provide AVS with the contracts concluded by the latter with the football clubs and to inform them of the assignment of those contracts in favour of AVS.

Mediapro appealed against this judgment and AVS requested its provisional enforcement on 9 June 2010. In an order issued on 21 June 2010, the Court dispatched the enforcement requested, although the enforcement was suspended following the application and subsequent declaration of Mediapro's bankruptcy, which is being dealt with by Barcelona Commercial Court number 7 (bankruptcy number 497/2010).

In a ruling dated November 14, 2012, the Provincial Court of Madrid essentially confirmed the lower court's judgment, finding in favour of Mediapro's appeal only with regard to the length of the contract of 24 July 2006, which it declared terminated at the end of the 2008/2009 season.

AVS filed an appeal to the highest instance (The Supreme Court) and alleging a procedural infringement against the said judgment. The Supreme Court, in its judgment dated 9 January 2015, partially admits the first argument of the Mediapro appeal for procedural infringement and condemns Mediapro to pay AVS €32 million plus interests. The judgment enters into the question not solved in the Provincial Court of Madrid in relation to the claim of nullity of the clause fifth of the Agreement dated 24 July 2006. The Supreme Court declares that the ruling of the *Audiencia Nacional* dated 22 May 2013, which is firm and confirms the Ruling of the CNC dated 14 April 2010 that declares the nullity of the clause fifth of the Agreement dated 24 July 2006, is contrary to article 1 of the LDC. The consequence is the entire nullity of the Agreement. Moreover, the ruling extends the effects of such nullity to the clause fifth of the Agreement, since all clauses of the agreement tried to restring the competition.

On the other hand, the contract for the sale of shares concluded between the member *Televisió de Catalunya Multimedia, S.L.*, *Televisió de Catalunya, S.A.*, Prisa and AVS on 15 October 2009 also provided for the abandonment of all ongoing court cases in which any of these companies or their legal representatives were parties as defendants. At present, those cases have been abandoned but the said contract is still awaiting the authorisation of the *Generalitat de Catalunya* Government, as its effectiveness was made subject to such authorisation.

The Company's Directors, internal and external legal advisors do not believe that resolution of this litigation will entail any relevant liabilities not registered by the Company.



In addition, the Company has other litigation for smaller amounts. The Directors, internal and external advisors do not consider that any relevant liabilities will arise from this litigation.

#### **19.- EVEN AFTER THE REPORTING PERIOD**

In January, Prisa arrived at an agreement to issue bonds mandatorily convertible into ordinary shares through swapping the financial debt in a minimum of EUR 100,185 thousand, for which there is an irrevocable commitment to subscribe, and a maximum of EUR 150,000.

This agreement is subject to the approval of the Annual General Meeting, and to obtaining certification issued as a special report for the Company's Auditor pursuant to the Corporate Enterprises Act and the mandatory report from an Auditor other than the company Auditor and appointed for that purpose by the Registry of Companies, the authorisation and consent of the company's creditors under existing financial commitments and the provision that there should be no material change in the financial situation of Prisa nor any suspension of or material change in the company's share price (*see note 1.b*). The approval from company's creditors under existing financial commitments was obtained as of February, 2016.

In 2016, Prisa also continued with its debt reduction process, having agreed in February to repurchase a total of EUR 65,945 thousand of debt, using for this purpose funds from the sale of shares in DTS, with a discount of 16.02% (*see note 1.b*).

#### **20.- EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Certain accounting practices applied by the Company that conform with generally accepted accounting principles in Spain may not conform with generally accepted accounting principles in other countries.

DIRECT HOLDINGS

APPENDIX I

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)							
			CARRYING AMOUNT	% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	RESERVES	PROFIT (LOSS)	SHAREHOLDERS' EQUITY	EBIT
Prisa Tecnología, S.L. (Antes Prisa Digital, S.L.)	Gran Vía, 32, Madrid	Internet services	-	100.00%	2/91	1,918	(57,993)	(7,754)	(63,829)	(8,636)
Prisaiprint, S.L.	Gran Vía, 32, Madrid	Management of printing companies	3,073	100.00%	2/91	3,000	798	(735)	3,063	1
Prisa Brand Solutions, S.L.U.	C/ Valentin Beato, 48, Madrid	Contracting of advertising exclusives	9,635	100.00%	2/91	130	9,908	(703)	9,335	(1,028)
Promotora de Emisoras, S.L.	Gran Vía, 32, Madrid	Radio broadcasting services	-	100.00%	2/91	2,500	(22,237)	891	(18,845)	297
Promotora de Emisoras de Televisión, S.A.	Gran Vía, 32, Madrid	Operation of television channels	-	25.00%	2/91	19,061	(50,278)	(492)	(31,709)	(255)
Audiovisual Sport, S.L.	Calle Diagonal, 477, Barcelona	Management and distribution of audiovisual rights	5,619	80.00%	2/91	6,220	1,016	(212)	7,024	418
Liberty Acquisition Holdings Virginia, Inc.	Gran Vía, 32, Madrid	Holding company	649,540	100.00%	-	-	-	-	-	-
Prisa Audiovisual, S.L.U.	Gran Vía, 32, Madrid	Holding company	3	100.00%	2/91	3	-	-	3	-
Prisa División Internacional, S.L.	Gran Vía, 32, Madrid	Holdings in foreign companies	17,039	100.00%	2/91	10,000	156,922	4,365	171,287	(39)
Prisa Finance (Netherlands) BV	Gran Vía, 32, Madrid	Holdings in foreign companies	14	100.00%	2/91	18	(4)	-	14	-
Prisa Gestión de Servicios, S.L.	Gran Vía, 32, Madrid	Management and development of administrative, holding company	3	100.00%	2/91	3	-	2	5	11
Prisa Participadas, S.L. (Antes Prisa División Inmobiliaria, S.L.)	Gran Vía, 32, Madrid	Holding company	248,197	100.00%	2/91	35,610	212,714	(125)	248,199	(136)
Promotora Audiovisual de Colombia PACSA, S.A.	Calle 70, N° 4-60, 11001, Bogotá, Colombia	Audiovisual and communication activities	94	53.00%	-	-	-	-	-	-
Promotora de Actividades América 2010, S.L.	Gran Vía, 32, Madrid	Production and organization of activities marking the bicentenary of American independence	-	100.00%	2/91	10	(1,774)	(4)	(1,766)	-
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10-23, Bogotá, Colombia	Production and distribution of audiovisual content	-	1.00%	-	-	-	-	-	-
Vertex, SGPS, S.A.	Rua de las Amoreiras, 107, Lisboa, Portugal	Holding company	390,738	100.00%	-	268,041	66,852	15,842	350,734	16,257
Canal Club de Distribución de Ocio y Cultura, S.A.	Calle Hermosilla, 112, Madrid	Catalogue sales	46	25.00%	-	60	12	113	185	107
Diario El País México, S.A. de C.V.	Avenida Universidad 767, Colonia del Valle, México D.F. México	Operation of El País newspaper in Mexico	105	5.81%	-	7,511	(5,738)	(1,254)	519	(1,318)
Prisa Noticias, S.L.	Gran Vía, 32, Madrid	Holding company	42,465	100.00%	2/91	38,596	-	(15,094)	23,502	(808)
Promotora General de Revistas, S.A.	Valentin Beato, 48, Madrid	Publication production and operation of magazines	-	0.04%	2/91	1,500	303	431	2,234	523
Grupo Santillana Educación Global, S.L. (Antes Grupo Santillana de Ediciones, S.L.)	Av. de los Artesanos, 6 Tres Cantos, Madrid	Publishing	65,826	75.00%	2/91	12,018	(49,387)	1,072	(36,297)	(2)
<b>TOTAL</b>			<b>1,585,717</b>							

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

INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)			
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>LOCAL TELEVISIONS</b>						
Collserola Audiovisual S.L. (En liquidación)	Plaza Narcís Oller, Nº 6 1º, 1º, 08006, Barcelona	Provision of local television services	92.50%	2/91	85	(12,854)
Málaga Altavisión, S.A. (En liquidación)	Paseo de Reding, 7, Málaga	Production and broadcasting of videos and TV programmes	87.24%	2/91	3,465	(3,067)
Productora Asturiana de Televisión, S.A.	Asturias, 19, Oviedo	Provision of local television services	59.99%		1,112	(1,602)
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2, Badajoz	Provision of local television services	61.45%		498	(1,648)
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín", Edificio Zeus, Polígono La Corchera, Mérida, Badajoz	Provision of local television services	66.00%		1,202	753
Telecomunicaciones Antequera, S.A.U.	Aguardenteros, 15, Antequera, Málaga	Provision of local television services	87.24%	2/91	822	(1,134)
Riotedisa, S.A.	Avenida de Portugal, 12, Logroño	Audiovisual productions for TV	49.00%		1,203	(324)
						375

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

INDIRECT HOLDINGS

APPENDIX II

		12-31-2015 (in thousands of euros)					
INVESTE	REGISTERED OFFICE	LINE OF BUSINESS	% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
<b>MEDIA CAPITAL</b>							
Argumentos para Audiovisual, Lda. (CASA DA CRIAÇÃO)	Avenida Liberdade, N.º 144/156 - 6.º Dto. 1250-146, Lisboa, Portugal	Creation, development, translation and adaptation of texts and ideas for television programmes, films, entertainment, advertising and theatre	94,69%		20	58	(73)
COCO-Companhia de Comunicação, S.A.	Rua Padre Antonio Vieira n.º 5, 2.º Lisboa - Portugal	Radio broadcasting	94,69%		101	(2,020)	(993)
Comunicações Sonoras, Unipessoal, LTA. (DRUMS)	Rua Tenente Valadim, n.º 181, Porto	Activity of radio broadcasting in the fields of production and broadcasting of programs	94,69%		5	19	4
Emissões de Rádiofusão, S.A. (RADIO REGIONAL DE LISBOA)	Rua Sampaio e Pina, 24/26, 1099-044, Lisboa, Portugal	Radio broadcasting	94,69%		110	(218)	(418)
Empresa de Meios Audiovisuais, Lda. (EMAV)	Quinta Do Olival Das Minas, Lote 9, Vialonga, 2625-577, Vialonga, Portugal	Purchase, sale and rental of audiovisual media (cameras, videos, special filming and lighting equipment, cranes, rails, etc.)	94,69%		50	1,620	1,192
Empresa Portuguesa de Cenários, Lda. (EPC)	Quinta Do Olival Das Minas, Lote 9, Vialonga, 2625-577, Vialonga, Portugal	Design, construction and installation of decorating accessories	94,69%		50	(92)	(47)
Grupo Media Capital, SGPS, S. A.	Rua Mário Castelhano n.º 40, Queluz de Baixo, Portugal	Holdings	94,69%		89,584	84,071	(44)
Loirimédia, Produções e Publicidade, LDA	Avenida Dr. Fco. Sá Carneiro/Quinta da cascalheira,1068 loja1 LEIRIA		94,69%		120		17
Media Capital Digital, S.A	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Publication, multimedia production, distribution, consultancy, sales (mail order, telephone and other) of goods and services as well as the acquisition, supply, preparation and dissemination of journalism by any means	94,69%		3,050	(27)	(9)
Media Capital Música e Entretenimento, S.A (MCMIE)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Publication, graphic arts and the reproduction of recorded media: magazines, audio publication, video reproduction and the provision of services related to music, the radio, television, film, theatre and literary magazines	94,69%		3,050	(27)	(9)
Media Capital Produções, S.A. (MCP)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Design, development, production, promotion, sale, acquisition, exploitation rights, recording, distribution and dissemination of audiovisual media	94,69%		45,050	15,014	(6)
Media Capital Produções - Investimentos, SGPS, S.A.	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Holding	94,69%		94,950	82,198	18
Media Capital Rádios, S.A (MCKR)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Provision of services in the areas of accounting and financial consultancy; performance of radio broadcasting activities in the areas of the production and transmission of radio programmes	94,69%		192	(11,732)	(6)
Media Global, SGPS, S.A. (MEGLO)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Holdings	94,69%		37,098	78,205	(88)
Moliceiro, Comunicação Social, S.A.	Rua Sampaio e Pina, 24/26, 1099-044, Lisboa, Portugal	Broadcasting activity	94,69%		5	11	2
Multimedia, S.A. (CLMC)	Rua de Santo Amaro à Estrela, N.º 17 A, 1249-028, Lisboa, Portugal	Distribution of film activities, video, radio, television, audiovisual and multimedia	94,69%		50	150	(24)
NOTIMÁIA-Publicações e Comunicações, S.A.	Rua Tenente Valadim, n.º 181, Porto - Portugal	Radio broadcasting	94,69%		5	61	10
Penalva do Castelo FM Rádiofusão e Publicidade, Lda.	Rua de Santo Ildefonso, n.º 14 Penalva do Castelo - Portugal	Broadcasting in production areas and programs transmission	94,69%		5	(109)	23
Plural Entertainment Canarias, S.L.	Dársena Pesquera, Edificio Plato del Atlántico, San Andrés 38180, Santa Cruz de Tenerife	Production and distribution of audiovisual content	94,69%	2/91	75	23	(7)
Plural Entertainment España, S.L.	Gran Vía, 32, Madrid	Production and distribution of audiovisual content	94,69%	2/91	6,000	26,314	(1,437)
Plural Entertainment Inc.	1680 Michigan Avenue, Suite 730, Miami Beach, EE.UU.	Production and distribution of audiovisual content	94,69%		109	(3,455)	(104)
Plural Entertainment Portugal, S.A.	R. José Falcão, 57 - 3.º Dt. 1000-184, Lisboa, Portugal	Production of video and film, organisation of shows, rental of sound and lighting, advertising, sales and representation of registered videos	94,69%		36,650	39,014	(1,058)
Polimedia - Publicidade e Publicações, Lda.	Quinta de São José Lote 2.º 3.º Piso Loja 8 Vila Real	Broadcasting in production areas and programs transmission	94,69%		5	(87)	3
PRC Produções Radiofónicas de Coimbra, Lda.	Avenida Fernao de Magalhães, N.º 153, 6. Andar Sala 15, Coimbra.	Cinema production, video and television programs	94,69%		7	(58)	26
Producao de Eventos, Lda. (MEDIA CAPITAL ENTERTAINMENT)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Publication, graphic art and reproduction of recorded media; magazines; audio publication, video reproduction; and provision of services related to music, radio, television, film, theatre and literary magazines	94,69%		5	(580)	(413)

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

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Produções Audiovisuais, S.A. (NBP-IBÉRICA)	Almagro 13, 1º Izquierda, 28010, Madrid	Inactive	94,69%		60	13	-
Produções Audiovisuais, S.A. (RADIO CIDADÊ)	Rua Sampaio e Pina, 24/26, 1099-044, Lisboa, Portugal	Radio broadcasting, production of audio or video advertising spots, Advertising, production and recording of discs. Development and production of radio programmes	94,69%		100	835	834
Projectos de Media e Publicidade Unipessoal, Lda. (PUPLIPARTNER)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Design, preparation and performance of advertising projects (advisory services, promotion, supply, marketing and the distribution of media goods and services)	94,69%		5	(55)	1
R 2000 - Comunicação Social, Lda.	Praceta Pedro Escuro, 10, 4º dt. Santarém	Radio broadcasting in the areas of programme production and transmission	94,69%		20	7	14
Rádio Comercial, S.A. (COMERCIAL)	Rua Sampaio e Pina, 24/26, 1099-044, Lisboa, Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		500	4,698	4,121
Rádio do Concelho de Cantanhede, Lda.	Avenida Fernao de Magalhães, N.º 153, 6, Andar Sala 15, Coimbra, Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	44	46
Rádio Litoral Centro, Empresa de Radiodifusão, Lda.	Avenida Fernao de Magalhães, N.º 153, 6, Andar Sala 15, Coimbra, Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	38	15
Rádio Manteigas Radiodifusão, Lda.	Rua Joaquim Pereira de Matos n.º 78 1º Esq. Manteigas Portugal Barreiro, Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	(50)	9
Rádio Nacional - Emissões de Radiodifusão, Unipessoal Lda.	Rua Capitão Tenente Oliveira e Carmo, 10-3, Quita Da Lomba, Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	23	6
Rádio Sabugal - Radiodifusão e Publicidade, Lda.	Rua Antonio José de Almeida n.º 17 Sabugal Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	(24)	12
Rádio Voz de Alcanena, Lda. (RVA)	Praceta Pedro Escuro, 10, 4º dt. Santarém Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	37	27
Rádio XXI, Lda. (XXI)	Rua Sampaio e Pina, 24/26, 1099-044, Lisboa, Portugal	Advisory services, guidance services and operational assistance to public relations companies and organisations	94,69%		5	105	247
Radiodifusão, Lda. (FLOR DO ÉTER)	Avenida Fernao de Magalhães, N.º 153, 6, Andar Sala 15, Coimbra, Portugal	Radio broadcasting in the areas of programme production and transmission	94,69%		5	32	3
Serviços de Consultoria e Gestão, S.A. (MÉDIA CAPITAL SERVIÇOS)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Services, publication and sale of electronic goods and services	94,69%		100	1,623	417
Serviços de Internet, S.A. (IOL-NEGÓCIOS)	Rua Tenente Valadim, N.º 181, 4100-479, Porto, Portugal	Production of multimedia, audiovisual and phonogram storage media	94,69%		100	229	(92)
SIRPA, Sociedad de Imprensa Radio Paralelo, Lda.	Rua Sampaio e Pina, 24/26, 1099-044, Lisboa, Portugal	Broadcasting in production areas and programs transmission	94,69%		25	294	36
Sociedade de Produção e Edição Audiovisual, Lda (FAROL MUSICA)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Production of multimedia, audiovisual and phonogram storage media	94,69%		5	(2,047)	(284)
Televisão Independente, S.A. (TVI)	Rua Mário Castelhano, N.º 40, 2734-502, Barcarena, Portugal	Performance of any TV-related activity such as the installation, management and operation of any TV channel or infrastructure	94,69%		15,926	53,536	28,842
Tesela Produções Cinematográficas, S.L.	Gran Via, 32, Madrid	Production and distribution of audiovisual content	94,69%	2/91	1,034	5,527	(909)
Chip Audiovisual, S.A.	Coso, 100, Planta 3ª puerta 4-50001, Zaragoza	Audiovisual productions for TV	7,10%		600	1,253	397
Factoria Plural, S.L.	Calle Biarritz, 2, 50017 Zaragoza	Production and distribution of audiovisual content	14,20%		175	1,664	450
Plural Entertainment Brasil Producao de Video, Ltda.	Rua Padre Adelino, N.º 798, 3º andar, Quarta Parada, CEP 03303-904.	Inactive	46,40%		74	(861)	-
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17, Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	37,88%		601	1,406	18
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n, Santa Cruz de Tenerife	Audiovisual productions for TV	37,88%		1,510	1,856	(86)

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

INDIRECT HOLDINGS

APPENDIX II

INVESTE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
<b>PRISA EDUCACIÓN</b>							
Avalla Qualidade Educacional Ltda.	Rua Padre Adelino, 758, Belém, Brasil	Publishing	71,95%		596	152	(81)
Distribuidora y Editora Richmond, S.A.	Edificio Punto 99, Carrera 1ª N°98-50 Oficina 501, Bogotá, Colombia	Publishing	75,00%		113	321	111
Ediciones Grazaletma, S.L.	Rafael Beca Mateos, 3, Sevilla	Publishing	75,00%	2/91	60	127	(6)
Ediciones Santillana Inc.	1506 Roosevelt Avenue, Guaynabo, Puerto Rico	Publishing	75,00%		1.065	8.555	1.887
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem, 720, Buenos Aires, 1001, Argentina	Publishing	75,00%		5.316	7.876	10.014
Ediciones Santillana, S.A. (Uruguay)	Juan Manuel Blanes 1132 Montevideo Uruguay	Publishing	75,00%		147	1.245	594
Ediciones Obradoro, S.L.	Rueda de Entreceros, 2 27 B, 15705, Santiago de Compostela	Publishing	75,00%	2/91	60	73	(3)
Ediciones Voramar, S.A.	Valencia, 44, 46210, Pineda, Valencia	Publishing	75,00%	2/91	60	89	(3)
Editora Moderna Ltda.	Rua Padre Adelino, 758, Belém, Brasil	Publishing	75,00%		20.387	29.402	29.423
Editora Pintango, LTDA	Rua Urbano Santos, 755, Sala 4, Bairro Cambica, Cidade de Guarulhos, Sao Paulo, Brasil	Publishing	75,00%		24	9	14
Editorial Nuevo México, S.A. de C.V.	Avenida Río Mixcoac 274 Col. Acacias, México DF, México	Publishing	75,00%		1.287	314	260
Editorial Santillana, S.A. (Honduras)	26 Avenida 2-20 zona 14 - Guatemala - Guatemala	Publishing	75,00%		72	6.225	4.060
Editorial Santillana, S.A. (Rep. Dominicana)	Colonia los Profesionales Boulevard Suyapa, Metropolis Torre 20501, Tegucigalpa Honduras	Publishing	75,00%		20	3.693	1.343
Editorial Santillana, S.A. (Venezuela)	Juan Sanchez Ramirez, 9, Guacae, Santo Domingo, Republica Dominicana	Publishing	75,00%		118	14.288	5.545
Editorial Santillana, S.A. de C.V. (México)	Avenida Romulo Gallegos, Edificio Zulia 1ª, Caracas, Venezuela	Publishing	75,00%		1.489	2.847	1.227
Editorial Santillana, S.A. de C.V. (El Salvador)	Avenida Río Mixcoac 274 Col. Acacias, México DF, México	Publishing	75,00%		24.019	17.076	3.371
Editorial Santillana, S.A.S (Colombia)	3a. Calle Fuente Y 87 Avenida Norte, No. 311, colonia Escalon San Salvador	Publishing	75,00%		18	3.760	1.453
Grup Promotor D'Inseriment i Difusió en Català, S.L.	Edificio Punto 99, Carrera 1ª N°98-50 Oficina 501, Bogotá, Colombia	Publishing	75,00%		1.676	3.818	(328)
Santillana Infantil y Juvenil, S.L.	Frederic Mompou, 11, V. Olímpica, Barcelona	Publishing	75,00%	2/91	60	85	6
Inevry DPS, S.L.	Av. de los Artesanos, 6 Tres Cantos, Madrid	Publishing	75,00%	2/91	65	2.410	940
Instituto Universitario de Posgrado, S.A. (en liquidación)	Av. de los Artesanos, 6 Tres Cantos, Madrid	Editorial, cultural, educational, leisure and entertainment services; and development and commercialization of educational content.	75,00%	2/91	250	503	(2)
Itaca, S.L.	Av. de los Artesanos, 6 Tres Cantos, Madrid	Publishing	46,07%		165	(774)	(1)
Lanza, S.A. de C.V.	Av. de los Artesanos, 6 Tres Cantos, Madrid	Book distribution	75,00%	2/91	408	1.031	-
Piero Internacional, SPA	Avenida Río Mixcoac 274 Col. Acacias, México DF, México	Creation, development and management of companies	75,00%		13.088	14.359	(5)
Richmond Educação, Ltda.	Avenida Andrés Bello N° 2299 Oficina 1001 Providencia - Santiago	Advice and consulting, development and sale of software	52,50%		1	(84)	(84)
Richmond Publishing, S.A. de C.V.	Rua Padre Adelino, 758, Belém, Brasil	Publishing	75,00%		24	52	31
Salamanca Editorial, Ltda.	Avenida Río Mixcoac 274 Col. Acacias, México DF, México	Publishing	75,00%		4	6.095	950
Santillana Administración de Bienes, LTDA	Rua Urbano Santos 755, Sala 2- Sao Paulo, Brasil	Publishing	75,00%		24	17	20
Santillana de Ediciones, S.A. (Bolívia)	Rua Padre Adelino, 758, Parte, Quinta Parada, CEP 03303-904, Sao Paulo, SP	Property management	75,00%		1.370	1.287	250
Santillana del Pacifico, S.A. de Ediciones.	Urbanización El Mayorazgo, Parcela 14, 2-78, Santa Cruz de Tenerife	Publishing	75,00%	2/91	60	61	(1)
Santillana Editores, S.A.	Calle 13, N° 8078, Zona de Calacoto, La Paz, Bolivia	Publishing	75,00%		332	2.413	1.667
Santillana Educación, S.L.	Avenida Andrés Bello 2299 Oficina 1001-1002 Providencia, Santiago Chile	Publishing	75,00%		427	6.462	2.807
Santillana Formación, S.L.	R. Mario Castelhamo, 40 - Queluz de Raivo - 2734-502 Barcarena - Portugal	Publishing	75,00%		1.250	1.244	1.244
Santillana Global, S.L. (antes Santillana Ediciones Generales, S.L.)	Av. de los Artesanos, 6 Tres Cantos, Madrid	Complementary educational services	75,00%	2/91	7.747	79.829	39.110
Santillana Sistemas Educativos, Ltda. (Colombia)	Av. de los Artesanos, 6 Tres Cantos, Madrid	Publishing	75,00%	2/91	300	177	12
Santillana USA Publishing Co. Inc.	Av. de los Artesanos, 6 Tres Cantos, Madrid	Consultancy services for the obtainment of quality certification by schools	75,00%	2/91	2.276	12.608	(27.512)
Santillana, S.A. (Costa Rica)	Edificio Punto 99, Carrera 1ª N°98-50 Oficina 501, Bogotá, Colombia	Publishing	75,00%		63	852	1.163
Santillana, S.A. (Ecuador)	Av. de los Artesanos, 6 Tres Cantos, Madrid	Publishing	75,00%	2/91	220	28.425	(109)
Santillana, S.A. (Paraguay)	2023 NW 84th Avenue, Doral, Florida, EE.UU.	Publishing	75,00%		60.560	(1.654)	8
Santillana, S.A. (Perú)	La Uruca, 200 m Oeste de Aviación Civil, San José, Costa Rica	Publishing	75,00%		465	3.059	1.573
Sistemas Educativos de Enseñanza, S.A. de C.V.	Calle De las Higueras 118 y Julio Avellanor, Quito, Ecuador	Publishing	75,00%		978	4.698	4.319
Vanguardia Educativa Santillana Compartir, S.A. de C.V.	Avenida Venezuela, 276, Asunción, Paraguay	Publishing	75,00%		162	784	-
Zubia Editorial, S.L.	Avenida Primavera 2160, Santiago de Surco, Lima, Perú	Publishing	71,25%		3.273	4.552	1.417
	Rua Padre Adelino, 758, Belém, Brasil	Publishing	75,00%		15.660	(2.988)	(1.750)
	Avenida Río Mixcoac 274 Col. Acacias, México DF, México	Publishing	75,00%		13.133	3.047	3.040
	Poligono Lezama Legutuzamon, Calle 31, Ekebarri, Vizcaya	Publishing	75,00%	2/91	3	2	-
			75,00%		60	92	1

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

INDIRECT HOLDINGS

APPENDIX II

INVESTE	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
<b>PRISA NOTICIAS</b>							
Espacio Digital Editorial, S.L.	Gran Vía, 32, Madrid	Edition and exploitation of Huffington Post digital for Spain	100.00%	2/91	8,501	18,197	294
Prisa Eventos, S.L.	Miguel Yuste, 40 Madrid	Operation of press media	100.00%	2/91	3	(88)	(122)
Betamedia Soluciones, S.L.	Rua de Garuacha, 8, Santa Cruz, 15179 A Coruña	Development, management and operation of websites, platforms and software to perform activities related to the game	25.00%		6	262	106
Kioskoymás, Sociedad Gestora de la Plataforma Tecnológica, S.L.	Juan Ignacio Luca de Tena, 7, Madrid	Publication and operation of newspapers, magazines in digital format	50.00%		53	(505)	(4)
Le Monde Libre Société Comandité Simple	17, Place de la Madeleine, Paris		20.00%		38	(10,949)	(5,614)
<b>EL PAÍS</b>							
Agrupación de Servicios de Internet y Prensa, S.L.	Valentín Beato, 44, Madrid	Administrative, technological and legal services and the distribution of written and digital media	100.00%	2/91	1,726	(251)	(2,094)
Diario El País Argentina, S.A.	Leandro N. Alem, 720, Buenos Aires, 1001, Argentina	Operation of El País newspaper in Argentina	100.00%		821	88	(290)
Diario El País Do Brasil Distribuidora de Publicações, LTDA.	Rua Padre Aldelino, 758 Belémzinho, CEP 03303-904, Sao Paulo, Brazil	Operation of El País newspaper in Brazil	100.00%		4,147	56	(1,345)
Diario El País de Colombia SAS	Calle 98 No 18-71 oficinas 401 -402 del edificio Varese Bogotá	Operation of El País newspaper in Colombia	100.00%		1	1	-
Diario El País, S.L.	Miguel Yuste, 40, Madrid	Holding	100.00%	2/91	4,200	(8,192)	(168)
Ediciones El País (Chile) Limitada.	Elizodoro Yáñez, 1783, Providencia, Santiago, Chile	Publication, operation and sale of El País newspaper in Chile	100.00%		2,659	22	(338)
Ediciones El País, S.L.	Miguel Yuste, 40, Madrid	Publication, operation and sale of El País newspaper	99.99%	2/91	3,306	5,684	3,327
Pressprint, S.L.U.	Valentín Beato, 44, Madrid	Production, printing, publication and distribution of products format	100.00%	2/91	26,000	26,841	(5,950)
<b>PRENSA ESPECIALIZADA</b>							
As Chile SPA	Elizodoro Yáñez, 1783, Providencia, Santiago, Chile	Publication and operation of As newspaper in Chile	75.00%		7	(363)	(376)
Noticias AS México S.A. de C.V.	México DF	Publication and operation of As newspaper in Mexico	75.00%		3	(181)	(189)
Diario AS Colombia, SAS	Cl 98, n° 1871 Of 401, Bogotá D.C.	Publication and operation of As newspaper in Colombia	75.00%		213	(27)	(215)
Diario AS USA, Inc	2100 Coral Way Suite 603, 33145 Miami, Florida	Publication and operation of As newspaper in USA	75.00%		7	(118)	(125)
Diario As, S.L.	Valentín Beato, 44, Madrid	Publication and operation of As newspaper	100.00%	2/91	1,400	45,817	5,987
Estructum, Grupo de Estudios Económicos, S.A.	Miguel Yuste, 42, Madrid	Publication and operation of Cinco Dias newspaper	100.00%	2/91	60	125	154
Grupo de Medios Impresos y Digitales, S.L. (Anteriormente Grupo Empresarial de Medios Impresos, S.L.)	Gran Vía, 32, Madrid	Documentation services	100.00%	2/91	990	70,959	(59)
Mediasation Magazine, S.L.	Almogaveros 12, Llagostera, Girona	Documentation services	100.00%	2/91	6	(233)	(365)

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

INDIRECT HOLDINGS

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)						
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS EQUITY	EBIT		
<b>PRISA RADIO</b>									
<b>RADIO ESPAÑA</b>									
Antena 3 de Radio de León, S.A.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	79.64%	2/91	135	589	24		
Antena 3 de Radio de Melilla, S.A.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	79.99%		61	820	141		
Antena 3 de Radio, S.A.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	79.99%	2/91	4,994	17,778	6,559		
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21, Zaragoza	Operation of radio broadcasting stations	77.62%		66	3,336	63		
Ediciones LM, S.L.	Plaza de Cervantes, 6, Ciudad Real	Operation of radio broadcasting stations	40.01%		216	3,790	523		
Gestión de Marcas Audiovisuales, S.A.	Gran Vía, 32, Madrid	Production and recording of sound media	80.00%	2/91	70	713	58		
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32, Madrid	Provision of music services	80.00%	2/91	3,000	2,994	(2,757)		
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1, Toledo	Operation of radio broadcasting stations	56.01%		61	133	17		
Iniciativas Radiofónicas, S.A.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	74.73%		228	461	17		
La Palma Difusión, S.A.	Almirante Díaz Pimentel, 10, Los Llanos de Aridane, Santa Cruz de Tenerife	Operation of radio broadcasting stations	79.99%	2/91	360	597	131		
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3, Santiago de Compostela	Operation of radio broadcasting stations	37.00%		70	305	39		
Prisa Música América, S.A.S.	CALLE 98 Nº 18 – 71 OFICINA 401	Production and organisation of shows and events	80.00%		537	212	(323)		
Prisa Música, S.A. (Anteriormente Unión Radio Online, S.A.)	Gran Vía, 32, Madrid	Production and organisation of shows and events	80.00%	2/91	712	701	(518)		
Prisa Radio, S.A.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	80.00%	2/91	2,036	134,173	(10,370)		
Propulsora Montañesa, S.A.	Pasaje de Peña, Nº 2, Interior, 39008, Santander	Operation of radio broadcasting stations	79.90%		390	2,527	648		
Radio Club Canarias, S.A.	Avenida Anaga, 35, Santa Cruz de Tenerife	Operation of radio broadcasting stations	76.00%		480	3,823	1,146		
Radio España de Barcelona, S.A.	Caspe, 6, Barcelona	Operation of radio broadcasting stations	79.46%		364	1,820	29		
Radio Lleida, S.L.	Calle Vila Antònia, Nº 5, Lleida	Operation of radio broadcasting stations	53.07%		300	580	46		
Radio Murcia, S.A.	Radio Murcia, 4, Murcia	Operation of radio broadcasting stations	66.67%		120	1,683	794		
Radio Zaragoza, S.A.	Paseo de la Constitución, 21, Zaragoza	Operation of radio broadcasting stations	70.42%		183	3,028	1,061		
Sociedad Española de Radiodifusión, S.L.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	80.00%	2/91	6,959	152,051	10,579		
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo, Albacete	Operation of radio broadcasting stations	59.33%		379	965	263		
Societat de Comunicació i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6ª Escalde, Engordany, Andorra	Operation of radio broadcasting stations	79.46%		30	(1,117)	(38)		
Sogecable Música, S.L.	Gran Vía, 32, Madrid	Creation, broadcasting, distribution and exploitation of thematic TV channels	80.00%	2/91	1,202	1,260	488		
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5, Arrecife, Lanzarote	Operation of radio broadcasting stations	40.00%		230	931	327		
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo, Albacete	Media management	60.08%		150	406	(2)		
Teleser, S.A.	Gran Vía, 32, Madrid	Operation of radio broadcasting stations	63.29%		75	91	14		
Unión Radio de Servicios Corporativos, S.A.U	Gran Vía, 32, Madrid	Holdings in radio broadcasting companies	80.00%	2/91	11,281	12,121	(7)		
Unión Radio Digital, S.A.	Gran Vía, 32, Madrid	Operation of digital radio broadcasting concession	79.99%	2/91	6,010	5,807	(4)		
Radio Jaén, S.L.	Obispo Aguilar, 1, Jaén	Operation of radio broadcasting stations	28.79%		563	949	18		
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32, Andorra	Operation of radio broadcasting stations	26.40%		249	326	(3)		

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



INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)				EBIT
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	
<b>INTERNATIONAL RADIO</b>							
Abril, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	80.00%		821	2,316	531
Aurea, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	80.00%		396	2,566	489
Blaya y Vega, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	80.00%		1,887	19,613	594
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, EE.UU.	Operation of radio broadcasting stations	79.99%		215	1,635	(889)
Caracol Estéreo, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	61.63%		3	299	92
Caracol, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	61.64%		11	41,091	28,228
Comercializadora Iberoamericana Radio Chile, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Production and sale of CDs, advertising, promotions and events	79.99%		20,401	30,075	1,186
Compañía de Comunicaciones de Colombia, C.C.C. Ltda.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	61.60%		25	2,164	240
Compañía de Radios, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services	80.00%		286	2,404	(75)
Comunicaciones del Pacífico, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Operation and management of TV channels and radio stations	79.99%		439	2,825	284
Comunicaciones Santiago, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Operation and management of TV channels and radio stations	79.99%		437	2,068	824
Consorcio Radial de Panamá, S.A.	Urbanización Obispo, Calle 54 Edificio Canal, Panamá	Advisory services and commercialisation of services and products	79.99%		8	259	67
Copropación Argentina de Radiodifusión, S.A.	Beazley 3860, Buenos Aires, Argentina	Operation of radio broadcasting stations	79.91%		1,106	(813)	(2,022)
CHR, Caudera Hispanoamericana de Radio, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	79.99%		353	1,211	(7)
Ecos de la Montaña Cadena Radial Andina, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	61.44%		-	456	22
Emisora Mil Viente, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	60.58%		-	259	30
Fast Net Comunicaciones, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	79.99%		2	(3,684)	98
GLR Broadcasting, LLC	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137, EE.UU.	Operation of radio broadcasting stations	79.99%		1	(6,143)	(710)
GLR Colombia, Ltda.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	80.19%		263	136	(99)
GLR Chile, Ltda.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Operation of radio broadcasting stations	80.00%		39,261	85,617	7,085
GLR Networks, LLC	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137, EE.UU.	Provision of services to radio broadcasting companies	79.99%		3,676	(3,139)	(468)
GLR Services Inc.	Baypoint Office Tower, 4770 Biscayne Blvd, Suite 700 Miami, FL 33137, EE.UU.	Provision of services to radio broadcasting companies	79.99%		4	(4,346)	(7,083)
GLR Southern California, LLC	3500 Olive Avenue Suite 250 Burbank, CA 91505, EE.UU.	Provision of services to radio broadcasting companies	79.99%		22,855	(5,159)	(704)
Iberoamerican Radio Holding Chile, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	80.00%		3,481	(4,433)	(1,217)
Iberoamericana Radio Chile, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Commercial radio broadcasting services and operation of radio stations	80.00%		26,201	46,255	3,008
La Voz de Colombia, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	60.52%		1	524	39
LS4 Radio Continental, S.A.	Rivadavia 835, Ciudad Autónoma de Buenos Aires, Argentina	Radio broadcasting and advertising services	79.97%		5,261	(2,249)	(4,345)
Promotora de Publicidad Radial, S.A.	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services	61.63%		1	612	217
Publicitaria y Difusora del Norte, Ltda.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Operation of radio broadcasting stations	79.99%				
Radio Estéreo, S.A.	Rivadavia 835, Ciudad Autónoma de Buenos Aires, Argentina	Radio broadcasting and advertising services	79.97%		321	(9)	(56)
Radiodifusión Iberoamericana Chile, S.A.	Ehidoro Yañex, N° 1783, Comuna Providencia Santiago, Chile	Holding	80.00%		11,499	27,619	(1)

INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)				
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY	EBIT
Radio Mercadeo, Ltda.	Calle 67, N° 7-37, Piso 7, Bogotá, Colombia	Commercial radio broadcasting services	57.76%		298	361	(4)
Sociedad de Radiodifusión El Litoral, S.L.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Rental of equipment and advertising sales	80.00%		6	3,678	257
Sociedad Radiodifusora del Norte, Ltda.	Eliodoro Yañez, N° 1783, Comuna Providencia Santiago, Chile	Operation of radio broadcasting stations	79.99%		252	71	20
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana, Eresenada 3100, Rancho Alamira Blvd Popolda y Camino al FRACC Misión del Mar, Playas de Rosarito, Baja California, EE.UU.	Real estate development services	80.00%		2,348	2,201	1
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870, México	Operation of radio broadcasting stations	40.00%		1,323	11,762	12,569
El Dorado Broadcasting Corporation	2100 Coral Way, Miami, Florida, EE.UU.	Development of the Latin radio market in the US	20.00%		196	(1,581)	(1)
GLR Costa Rica, S.A.	Llorente de Tibás, Edificio La Nación, San José, Costa Rica	Operation of radio broadcasting stations	40.00%		1,020	1,150	(161)
Green Emerald Business Inc.	Calle 54, Obarrío N° 4, Ciudad de Panamá, Panamá	Development of the Latin radio market in Panama	27.96%		3,986	(5,083)	(1,692)
Multimedios GLP Chile SPA	Av. Andrés Bello 2325 Piso 9, Providencia	Commercial radio broadcasting services					
Promotora Radial del Llano, LTDA	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Commercial radio broadcasting services			1	86	65
QHubo Radio, S.A.S	CL 57 No 17 - 48 Bogotá, Colombia	Operation of radio broadcasting stations	40.00%		7	(44)	(188)
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara, México	Operation of radio broadcasting stations	40.00%		740	803	142
Radio Melodia, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara, México	Operation of radio broadcasting stations			26	259	293
Radio Tapatia, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara, México	Operation of radio broadcasting stations	39.59%		91	363	345
Radio Televisora de Mexicali, S.A. de C.V.	Avenida Reforma 1270, Mexicali Baja California, México	Operation of radio broadcasting stations	40.00%		2,036	2,348	510
Servicios Radiópolis, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870, México	Operation of radio broadcasting stations	40.00%		3	(582)	(140)
Servicios Zezz, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México D.F. 04870, México	Operation of radio broadcasting stations	39.59%		3	202	273
Sistema Radiópolis, S.A. de C.V.	Avenida Vasco de Quiroga 2000, México D.F, México	Operation of radio broadcasting stations	40.00%		18,562	35,461	16,526
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana, Eresenada 3100, Rancho Alamira Blvd Popolda y Camino al FRACC Misión del Mar, Playas de Rosarito, Baja California, EE.UU.	Advisory services on business administration and organisation	79.59%		6	(642)	97
WSUA Broadcasting Corporation	2100 Coral Way, Miami, Florida, EE.UU.	Radio broadcasting	20.00%		587	(4,819)	599
Zezz, S.A. de C.V.	Rubén Darío n° 158, Guadaluajara, México	Operation of radio broadcasting stations	39.59%		45	52	16
<b>MÚSICA</b>							
<i>Integración global</i>							
Compañía Discográfica Muxxic Records, S.A.	Gran Vía, 32, Madrid	Production and recording of sound media	80.00%	2,791	750	(563)	(1,818)
Gran Vía Musical, S.A.S.	Calle 67, N° 7-37, Piso 7°, Bogotá, Colombia.	Provision of music services	80.00%		3,000	2,994	(2,757)
Lirics and Music, S.L.	Gran Vía, 32, Madrid	Music publishing	80.00%	2,791	12	2,370	1,712
Merchandising on Stage, S.L.	Ulises, 49, 28043, Madrid	Production and/or import of textile articles, jewellery, graphic material	80.00%	2,791	3	(528)	(195)
Nova Ediciones Musicales, S.A.	Gran Vía, 32, Madrid	Music publishing	80.00%	2,791	600	5,681	4,878
Planet Events S.A.	Gran Vía, 32, Madrid	Production and organisation of shows and events	56.00%		120	(279)	(520)
RLM Colombia, S.A.S	Calle 67, N° 7-37, Piso 7°, Bogotá, Colombia.	Production and organisation of shows and events	40.40%		34	(11)	(2)
RLM, S.A.	Puerto de Santa María, 65, 28043, Madrid	Production and organisation of shows and events	40.40%		83	769	699

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

INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	12-31-2015 (in thousands of euros)			
			% OF OWNERSHIP	TAX GROUP (*)	SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>DIGITAL</b>						
Infotecnia 11824, S.L.	Ronda de Pontiente 7. Tres Cantos, Madrid	Provision of telecommunication services	60.00%		40	119
<b>PRINTING</b>						
Bidasoa Press, S.L.	Calle Malilla Nº 134. 46026. Valencia	Printing of publishing products	100.00%	2/91	2,047	3,540
Dédalo Grupo Gráfico, S.L.	Carretera de Pinto a Fuenlabrada, Km. 20,8. Madrid	Printing of publishing products	100.00%	2/91	3	1,049
Distribuciones Altiadas, S.A.	Polígono Industrial La Isla. Parcela 53. 41700 Dos Hermanas. Sevilla	Printing of publishing products	100.00%	2/91	2,100	8,909
Norpremsa, S.A.	Parque Empresarial I.N.F. Calle Costureiras. s/n 27003. Lugo	Printing of publishing products	100.00%	2/91	270	189
<b>PRISA BRAND SOLUTIONS</b>						
Prisa Digital Inc.	2100 Coral Way, Suite 200, Miami, Florida. 33145. EE.UU.	Provision of internet	100.00%		6,892	249
Solomeditos, S.A.	C/ Valentín Beato, 48. Madrid	Advertising management	100.00%	2/91	180	189
<b>OTHERS</b>						
GLP Colombia, Ltda	Carrera 9, 9907 Oficina 1200. Bogotá, Colombia	Operation and sale of all manner of advertising	100.00%		198	1,763
Prisa Inc.	2100 Coral Way Suite 200 Miami 33145 U.S.A.	Management of companies in the US and North America	100.00%		1,287	(405)
Prisa Producciones de Vídeo, S.L.	Gran Vía, 32. Madrid		100.00%	2/91	3	3
Promotora de Actividades América 2010 - México, S.A. de C.V.	Avenida Paseo de la Reforma 300. Piso 9. Col. Juárez. 06600. México. D.F. México	Development, co-ordination and management of all manner of international and national projects marking the bicentenary of American Independence	100.00%		3	(664)

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

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

Individual Directors' Report for 2015

# PROMOTORA DE INFORMACIONES, S.A. (PRISA)

## DIRECTOR'S REPORT FOR 2015

### 1. POSITION OF THE COMPANY

#### **Organizational structure**

Promotora de Informaciones, S.A. (Prisa) is the head of the Prisa Group. Its function within the Group is to provide central corporate services, to act as the Group's financing centre and to engage in other activities related to the Group's strategy, development and performance.

Prisa is the world's leading Spanish and Portuguese-language business group in the fields of education, information and entertainment, thanks to its multichannel range of top-quality products. Present in 22 countries, it reaches more than 60 million users through its global brands El País, As, 40 Principales, W Radio or Santillana. As leader in General-interest Press, Comercial TV, Music and Spoken-word radio and Education, it is one of the largest media groups in the world with an extraordinary range of assets. It's presence in Brazil and Portugal and among the growing Hispanic community in the US has given the group an Ibero-American dimension and has opened up a potential global market of 700 million people.

With over 250 web sites, regularly visited by 30.0 million unique monthly users (source: comScore Dec'15) and 112 million of unique browsers (Fuente: Adobe Omniture+Netscape, Dec'15) in all of the world, Prisa is at the forefront of multi-channel and multi-device distribution and, with the launch of an ambitious strategy for content distribution, offering myriad differentiated products and services through all types of devices.

The Group is divided into four business areas: **Santillana, Noticias, Radio and Audiovisual**, all of which are undergoing a process of digital transformation.

**Santillana** is the leading educational company in Spain and Latin America, present in 22 countries. It has championed education and learning for more than 50 years. It has an international presence in the entire Spanish- and Portuguese-speaking world, both in Portugal and Brazil and the United States, and also produces teaching materials (textbooks, digital resources, support material, etc.) in all of Spain's official languages from early-years teaching to the Baccalaureate and Vocational Training.

At a time of rapid digital and pedagogical change, it sets a premium on high-quality innovative teaching materials and strives to offer schools, teachers and pupils alike a comprehensive service offering a complete package comprising technology, training and assessment materials.

Santillana specialises in creating high-quality multi-format teaching materials for all levels of education for pupils aged from 3 to 18, published in Spanish, Portuguese and English and adapted to the educational standards and approaches of each country. It also offers an advisory service to help schools meet their many and varied individual teaching needs,

with comprehensive, modular solutions covering a range of topics from teacher training to innovative assessment platforms. Its main educational projects are Santillana Compartir, Sistema UNO, Saber Hacer, Virtual Classroom and WebBooks.

**Prisa Noticias** is the PRISA business unit that encompasses all the news brands in its segment. It has a clearly global outlook. It includes leading newspapers such as El País, Cinco Días, AS and The Huffington Post in addition to trade magazines such as Icon and S Moda. These publications have an online readership of 23.8 million users from throughout the world (Source: comScore, Dec 15).

El País was founded in 1976. From the very beginning, El País has been committed to Spanish society, to defending and expanding democratic liberties for all. Aware of and committed to this reality, this maxim remains valid in the Company more than four decades later and now extends to all of Latin America.

EL PAÍS is the leading newspaper in Spain and also the most widely read Spanish-language daily newspaper, according to ComScore. This leading position is built upon a tradition of launching new products, permanent innovation and a presence throughout Latin America. At present, 43.1% of the readers of this newspaper are from the Americas, 49.3% from Spain and 7.6% from the rest of Europe. Diario As is a leading daily sports newspaper with 7 million individual readers throughout the world including its online publication (Source: comScore, Dec 15). In 2013, it started to expand internationally with AS América, an edition for Latin America, and three further country-specific editions for Chile (2014), Colombia (2015) and México (2015).

**PRISA Radio** is the world's largest Spanish-language radio broadcasting group with nearly 28 million listeners and 7 million unique users online (comScore Dec'15) and more than 1,250 stations, either directly owned or associates, spread out over twelve countries. Prisa Radio is well positioned in the main Spanish-speaking radio markets and is the absolute leader in Spain, Colombia and Chile.

The company's business is in two main areas: Radio and Music, with a management model designed to revitalise radio formats, introduce technological innovation and ensure its content is available on all digital platforms. It combines a global presence with a local approach which allows it to optimise exchanges between the different countries and boost the value generation. of the Group.

It uses the power of digital technology and its reference brands to develop a whole series of activities and events, including concerts, festivals, music prizes, debates and conferences, which add value and strengthen its connection with its audience.

In a fast-changing digital environment, new platforms, interaction and mobility are all opportunities exploited by radio to drive its social function and reach new audiences.

The **Audiovisual sector** encompasses the audiovisual activity of the PRISA Group. It is particularly active in the Spanish and Portuguese markets through its products for digital entertainment and commercial television.

Media Capital, the commercial TV in Portugal, is the leading media group in Portugal. In the television industry, it has the TV channel (TV1) which attracts the largest number of viewers, one of the most prestigious and widely listened to radios at national level (NCR) and the second largest Internet portal (IOL). It produces content in a wide range of genres, specialising in fiction, news, entertainment and sports.

In addition to generalist TVI, Media Capital's activity is spread across its thematic channels TVI24, TVI Internacional, TVI Ficção, +TVI, TVI Direct, TVI África and TVI Reality, the latter two launched in 2015. Media Capital has used these channels to strengthen its presence in Europe and Africa. The best content from TVI Internacional are currently present in 15 countries through 30 distribution platforms: Angola, Mozambique, España, Francia, Andorra, Suiza, Mónaco, Luxemburgo, Reino Unido, Estados Unidos, Puerto Rico, Cabo Verde, Venezuela, Australia y Nueva Zelanda.

Media Capital is also present in other businesses related to the media industry, such as television content production, provided by the multinational company, Plural Entertainment. Plural Entertainment is one of the most important companies in the Iberian Peninsula in this industry and is particularly active in the area of Portuguese-language fiction.

Furthermore, in 2015, with the creation of Prisa Vídeo., the Group embarked on developing audiovisual contents and digital channels to be distributed online.

**Prisa Vídeo** was founded in 2015 to develop and boost the production, distribution and marketing of video within the group, in entertainment, current affairs, news, fiction and education.

Prisa Vídeo has launched a prestige audiovisual production label including new digital video narratives and traditional production for third parties. One of the main objectives of this production company is to develop contents along with advertisers and thereby boost business transformation and the growth of native advertising.

### **Governance bodies**

Except for matters reserved to the General Meeting, the Board of Directors of Prisa is the highest decision-making body within the Company.

The Board policy is to focus its activity on the general functions of supervision and determination of policies and strategies of the Company, and to delegate ordinary management of the Company to the Managing Director and, if applicable the Executive Chairman, with the assistance of the Company's management team.

In accordance with the Board of Directors Regulations of the Company and the provisions of the Capital Companies Act, the Board has exclusive authority regarding certain general strategies and policies of the Company, as well as regarding certain decisions (inter alia, the strategic or business plan, management objectives and the annual budget, financing and investment policy, tax strategy, risk management and control, approval of financial information, approval of financial projections, dividend policy, treasury share policy, strategic alliances of the Company or its controlled companies, definition of the Group's structure, corporate governance and corporate social responsibility policies, general compensation policy, appointment and removal of certain executives, investments or

transactions of any kind that by reason of their high amount or special characteristics are of a strategic nature or involve special tax risk to the Company, approval of creation or acquisition of interests in special-purpose vehicles or entities domiciled in countries or territories considered to be tax havens, resolutions related to mergers, splitups and any relevant decision having to do with the status of the Company as a listed company, approval of related party transactions, annual evaluation of the functioning of the Board of Directors.....)

The Board of Directors of Prisa currently is comprised of fifteen directors: three executive directors, five proprietary directors, six independent directors and another external director. They have various academic backgrounds and outstanding professional careers.

Also, the Board currently has the following positions: Executive Chairman, Vice Chairman, Managing Director, Secretary and Assistant Secretary.

Without prejudice to the authority of the Chairman and the Managing Director, and within the framework of the regulatory provisions regarding authority reserved to the Board itself, it has a Delegated Committee.

In addition the Prisa Board of Directors has formed another four Committees, with reserved authority in their respective areas: (i) Audit, (ii) Corporate Governance, (iii) Nominating and Compensation and (iv) Technology Transformation.

## **Performance**

### *Operating targets and strategy*

In general, the **Group** has gone to great lengths in recent years to clamp down on costs, achieving considerable reductions in personnel and other operating expenses. Efforts will remain geared towards controlling costs and capex, channeling available resources to growth areas and towards the new initiatives planned for 2016. However, current plans for financial optimization and debt reduction will remain in place.

### *Financial targets and strategy*

Prisa signed a refinancing agreement with banks in December 2013 aimed at providing the Group with financial stability, extending debt maturities and affording it more time and flexibility to reduce debt with proceeds from the disposal of non-strategic assets, leveraging certain assets and other corporate transactions.

The objectives of the refinancing were to achieve an appropriate capital structure for the Company in the medium term, removing the financial burden of interest payments and aligning debt more closely to the cash flow generation of the various business areas. The agreement allows the Group to achieve a more coherent set of assets, with exposure to regions and businesses with scope for growth and cash generation, while preserving operational synergies.

In 2014 and 2015, the Company made great strides in the execution of the refinancing plan, by repurchasing debt for a total of EUR 1,610,590 thousands with proceeds from the sale of assets such as Mediaset España and DTS and the capital increase subscribed by Consorcio Transportista Ocher SA. These transactions have meant that it has been



possible to meet in advance the debt reduction commitments which are part of the refinancing contract.

The capital increase subscribed by Consorcio Transportista Occher SA in 2014 and International Media Group in 2015 has made a significant contribution to strengthening the Group's capital structure.

Looking ahead to 2016, the focus will remain on making progress in executing the refinancing plan and strengthening its capital structure. Similarly, in January, Prisa arrived at an agreement to issue bonds mandatorily convertible into ordinary shares through swapping the financial debt in a minimum of EUR 100,185 thousands, for which there is an irrevocable commitment to subscribe, and a maximum of EUR 150,000 thousands.

In 2016, Prisa also continued with its debt reduction process, having agreed in February to repurchase a total of EUR 65,945 thousand of debt, using for this purpose funds from the sale of shares in DTS, with a discount of 16.02%.

## 2. BUSINESS PERFORMANCE

Prisa's results are directly related to the performance of the Group's various business units. Its revenue arises mainly from the dividends it receives from its subsidiaries and its expenses relate to staff costs and services received. The variations in the equity of its subsidiaries also give rise to increases and decreases in the value of its investment portfolio.

*Key highlights* for 2015 include:

- Group **operating income** in 2015 amounted to EUR 1,374.1 million (-5.5%) and **EBITDA** to EUR 248.4 million (+35.5%).
- **Advertising revenue** totalled EUR 497.6 million (+1.5%), with a 4.3% increase in advertising in Spain, and a 2.2% increase in Portugal for the year, consolidating the recovery that started at the end of 2013 and continued during 2014.
- **Latin America and the US** represented 45.4% of the Group's revenues and 66.7% of EBITDA. Latin America posted further growth in local currency (by Santillana and in Radio) despite the economic slowdown in some economies (e.g. Brazil and Venezuela) and despite that 2015 in Santillana Brazil is a low year in the institutional sale cycle.
- **Cost cutting** control continued throughout the Group, with resources allocated to growth, mainly in Santillana and Radio. Expenses were down 11.5% affected as well by foreign exchange impact.
- **Capex increased** mainly due to Santillana's digitalization systems, purchase of radio stations in Colombia and Santillana's prototypes in Spain
- Operating revenues in **Education**, amounted to EUR 642.8 million (-10.3%), with a negative currency effect of EUR 28.6 million. 2014 accounted as well the profit

from the sale of the Trade Publishing business, which accounted in Santillana's figures until June, 2014. Excluding the foreign exchange effect and the Trade Publishing effect, revenues would have stayed flat (-0.3%). EBITDA reaches EUR 167.2 millions (-2.1%). Excluding the foreign exchange and Trade Publishing effect, EBITDA increases +4.1%.

- Campaigns in both, the North and South area performed well in local. In Spain, the campaign has been excellent compared to 2014, explained by the high level of adoption of the new law and a successful commercial development. In Brazil, 2015 is a low year in the institutional sale cycle (2014 was a high year of the institutional sale cycle).

Digital Education Systems (UNO & Compartir) continue their expansion in Latin America, improving profitability and growing in the number of students.

- **Radio** operating revenues amounted EUR 314.8 millions (+3.2%), with a negative currency effect of EUR 8.6 millions, and EBITDA reached EUR 54.7 millions (+19.6%). Excluding the currency effect, EBITDA increases +30%. Advertising revenues in Spain grows +8.1% and throughout Latin America in local currency, except Chile and USA.

Noteworthy was the operating improvement in Spain, with EBITDA soaring EUR 10 million to EUR 21.3 million.

- In the **Press** division, income was down -7.3% at EUR 241.3 million. Circulation revenues decreased 11.8% as well as promotions which fell -34.5%, but with lower expenses and a positive effect in EBITDA. Total advertising revenues grew +1.6% (El País +6.7% and AS -2.1%). Traditional advertising suffered a -8.7% decline, compensated with an excellent performance of digital advertising revenues that increased 26.8%.
- **Media Capital**, operating revenues reached EUR 174.4 million (-3.0%) and EBITDA amounted EUR 41.4 million (-1.7%). Advertising revenue advanced 2.1%, with good performances in TV (+1.4%) and radio (+9.1%). Called value-added revenues dropped 38%, but they were partially offset by the increase of advertising revenues, distribution of channels in Pay TV platforms and the cost control allowed EBITDA to stay broadly in line with 2014.
- The Group continues to press on with its **refinancing plan** and in 2015 carried out a series of transactions under the scope of its debt-reduction commitment, such as the sale of a stake in Mediaset España Comunicación, S.A., the capital increase subscribed by International Media Group S.à.r.l, debt buy back operations with discount (approximately 17% discount). Also in 2015 the sale of the 56% stake in DTS was closed.

### 3. HUMAN RESOURCES

#### Objectives and policies

Responsible human capital management in Prisa has the following objectives:

- Promote the **professional growth** and **personal development** of all employees in a work environment conducive to equality of opportunity without any discrimination. Base promotion on merit, capabilities and performance.
- Defend and apply the **principle of equality** between men and women, providing the same opportunities for pay and professional development in the workplace at all levels.
- Promote and improve women's **access to posts of responsibility**, reducing the inequalities and imbalances that can occur in a company.
- Introduce measures which promote a **work-life balance** for all workers.

To achieve these objectives, the Human Resources policies pursued by the Group are designed to promote the development of independent, committed professionals and the training of leaders amongst our staff as a means to inform, educate and entertain individuals and to act with social responsibility.

The geographical and cultural diversity of the staff in Prisa and the different jobs they hold, along with the challenges facing the industry and the need to rely on outside providers in our day-to-day activities require effective Management Policies, and company principles and values as outlined in Prisa's Code of Ethics which was updated in 2015.

#### Staff training

Staff training and continuing professional development are fundamental to Group policy and allow it to maintain optimal professional behaviour, high standards and excellent service.

Prisa's employees have access to a variety of courses from amongst the training opportunities that the company makes available to all its employees. These courses use a variety of tools for both face-to-face and online training (Prisa Campus).

Our **PRISA Campus** is the online information portal for all Group employees. It helps us develop our employee skills matrix, and support the retraining taking place in the industry due to the shift from a traditional media economy to a digital economy. In 2015, PRISA Campus was re-engineered and launched in May modelled on the United States platform edX.org. It now offers a better user experience, responsive design supporting remote access from any device and enables more detailed tracking of student progress. As a result, and as we shall describe in more detail under a separate item, this year we have promoted and enhanced our online training. Over the last 9 months, we have managed to attract 1,140 learners who have registered for our various courses including a second edition of a Master in Advanced Digital Skills from a user-centred perspective, an

advanced course in Big Data focussing on digital technological developments, and a course in Video Capture, Editing and Publishing (multimedia journalism).

Our aim in 2016 is to offer new courses to meet the most urgent needs identified in all areas of the organisation. This need is broken down into three courses of action: L1, development of leadership and team work skills; L2, cross-disciplinary digital change; L3, reskilling and retraining specific occupational groups.

**My idea!** is an open innovation platform open to all employees to offer suggestions, ideas for improvements and even intellectual property allowing patents potentially to be filed. The platform already has 4,331 users and 332 spontaneous ideas have been contributed. The aim of this tool is to identify both individual talent and counter-suggestions which may, indeed, come from any area of the organisation. Furthermore, the innovation departments and Agents of Change in each business unit regularly issue challenges to encourage participation and get ideas for enhancement projects to improve Group business overall.

**Experience Factory (FEX)** is another initiative that aims to boost the Group's collective intelligence by identifying expert employees who then impart useful knowledge to the entire organisation. It has an online platform to which all employees have access. This platform also contains experience and knowledge gained from the most relevant projects in business, organisation and technology. It now has 2,346 users (and 81 published knowledge items).

## **Equality and Diversity Management**

Prisa endorses, supports and promotes all policies that contribute to **equality of opportunity** and **non-discrimination** on the grounds of race, religion, gender or political affiliation. Group companies strictly comply with these principles in their day-to-day management.

It should be stated that all members of the Group are mandatorily required to have a Code of Ethics which includes, amongst their core values, pluralism and the respect for other ideas, cultures and people. Prisa undertakes to respect and protect human rights and public liberties, with its main objective being the respect for human dignity.

The intranet of the Group and its business units contains a declaration of the principles underlying the business of member companies which are used to promote equality, diversity and the inclusion of disadvantaged groups.

The **inspirational principles** which have been adopted by managers and workers alike are:

- A determination to respect the principle of equality of treatment in the workplace.
- A rejection of any type of discrimination on the grounds of gender, marital status, age, racial or ethnic origin, religion or belief, disability, sexual orientation, political ideas, membership of trade unions, etc.

- Particular attention to complying with equality of opportunity for men and women in access to employment, career progression, training, employment security and equality in pay.

A commitment to create positive working environments, prevent harassment and take action to resolve any cases that may occur.

### **Occupational health and safety**

Prisa continues to promote a culture of prevention in all of its member companies, and has made a firm commitment to include risk prevention and occupational health in the overall management system of its companies.

In 2015, the Joint Prevention Service concentrated on training in risk prevention for all its employees.

Regulatory risk assessment audits have been carried out at the relevant companies, with satisfactory results.

Quarterly meetings with all Health and Safety Committees have continued to be held. Emergency evacuation measures have been implemented.

### **Social benefits**

The Group wants all its companies to have suitable social benefits to give them a competitive edge to attract and retain the best employees. Each of the 22 countries in which the Group operates has its own special features to which the Human Resources Management Policy must be sensitive. It must offer a response that meets the needs and expectations of the employees of these companies.

In general terms, the social benefits that our employees receive in Spain include life insurance, invalidity or incapacity cover and maternity/paternity benefits. In general, the Group companies in Spain make no distinction between full-time and part-time employees, or between employees with permanent or fixed-term contracts when offering these benefits.

Within this framework, the flexible payment plan which was introduced in 2012 was rolled out in 2015 in Spain to all companies, increasing the range of products provided. In Portugal, a similar system has also been rolled out.

### **Work-life balance**

All business units have become aware of the benefits to be derived from balanced days which offer their employees a better opportunity to achieve the right work-life balance. In this regard, it is now common practice to have flexitime arrangements, opportunities for teleworking, flexible working and compressed hours in the summer and at Christmas and Easter.

In addition, in 2015, in Spain, we have kept our plan to promote a better work-life balance based on five elements and intend to carry it forward to future years:

- Special voluntary leave with a guaranteed job to return to, pay and social security contributions.
- Extension of paid annual holidays with social security contributions.
- Extension of weekly rest days (4-day weeks) with maintenance of social security contributions.
- Permission to attend training, help with expenses and contributions to social security.
- Reduction of working day without the requirement of being a carer

#### 4. ENVIRONMENT

Prisa is committed to reducing the costs and the impact that our operations may have on the environment. The Group's Environmental Security Policy includes a series of basic principles in the area of legal compliance that contribute to the continuous improvement of our operations:

- Prisa will comply with all applicable legal requirements, and will, whenever possible, make every effort to anticipate them.
- The group will actively strive to reduce and prevent pollution and waste, and to conserve energy in all its operations.
- The group will require its suppliers to conduct their operations in an environmentally responsible manner.
- The group will ensure the safety of industrial operations, to avoid negative impact on the environment.

This policy is divided into three levels of action:

- Emission control
- Consumption control
- Waste Control

The aim is to provide safe products and services that respect the environment throughout their life cycle, and to conduct operations in an environmentally responsible manner.

The expenses incurred in respect of environmental compliance, which have not been material, are charged to the income statement as they arise.

The Group believes that it have no environmental responsibilities, expenses, assets, provisions or contingencies that might be material in relation to our equity, financial condition and results of operations.

## 5. LIQUIDITY AND CAPITAL RESOURCES

### Financing

Note 7.3 “Financial Liabilities” of the accompanying notes to financial statements of Prisa for 2015 provide a description of the use of financial instruments by the Company.

### Contractual commitments

Note 14 “Operating Expenses- Operating leases” to the financial statements provide information on firm commitments giving rise to future cash outflows and associated with purchases and services received and any operating leases for buildings and the radio frequencies.

## 6. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS

As head of the Group, the risks to which Prisa is exposed are directly related to those of its subsidiaries.

The activities of the subsidiaries of the Group and therefore its operations and results are subject to risks that can be grouped into the following categories:

- Strategic and operational risks.
- Financial risks.

### Strategic and operational risks of the business of the Group

#### *Macroeconomic risks-*

In 2015, growth rates in Spain and Portugal were positive. After the important slowdown and volatility experienced in recent years, from year-end 2013, a change in this trend was shown and was consolidated in 2014 and 2015. 2016 is also expected to have positive growth rates.

Main consumption indicators in these countries have been significantly deteriorated, and have impacted and still could impact, in case expectations of growth are not attained, in the future spending by customers on the products and services of the Group, including advertisers and other consumers of the content offerings of Prisa.

Furthermore, the activities and investments of Prisa in Latin America are exposed to the evolution of the various macroeconomic parameters of each country including a potential decline in consumption as a result of a slowdown in the growth rate in some of these countries, or recession in economies as Brazil.

The Group's results in Latin America have been hurt by the weakness of the region's currencies. An increase in the volatility of currencies was shown in the second half of 2015.

Maintenance of exchange rates at current levels or even further deterioration could have an adverse effect on operating results and financial condition of the Group.

#### *Decline in advertising markets-*

A relevant portion of the operating income (revenues) comes from advertising revenues through the press, radio, audiovisual and digital businesses. Expenditures by advertisers tend to be cyclical, reflecting overall economic conditions and perspectives.

In case that the Spanish and Portuguese economies failure to improve as expected or growth in Latin America slow down or even decline in some countries, prospective spending by the Group's advertisers could undermine. In view of the grate component of fixed costs associated with business with a high component of advertising revenue (mainly Radio and Press), a drop in advertising revenues directly impacts operating profit and therefore the ability to generate cash flow of the Group.

#### *Drop of circulation-*

Press revenues from copy sales and subscriptions continue being negatively affected by the growth of alternative means of distribution, including free Internet sites for news and other contents. At the moment, there is no sign of this trend to change.

#### *Competition risk-*

The businesses of audiovisual, education, radio and press in which Prisa operates are highly competitive industries. The ability to anticipate and adapt to new needs and customer demands, influences the position of the Group's businesses compared to other competitors.

#### *Sector regulation-*

Prisa operates in regulated industries and is therefore exposed to regulatory and administrative risks that could adversely impact its business.

Specifically, the Group businesses are subject to comprehensive regulations including the requirement to maintain concessions and licenses for the operations in Audiovisual and Radio segments, while the business of education is subject to the applicable law on national or regional education cycles.

#### *Country risk-*

The Group operations and investments in Latin America may be affected by various risks typical to investments in countries with emerging economies, the most significant of which include devaluation of foreign currencies, introduction of exchange restrictions, inflation, expropriation or nationalization of foreign assets, changes in applicable foreign tax levels, changes in policies and regulations or economic instability.

In the specific case of Education, a relevant part of its revenues in Latam come from public sales to Governments. Sales of the business could be affected as far as macroeconomic parameters worsen or there are changes in educational policies.

#### *Litigation risks-*

Prisa is involved in significant litigations, which are described in note 26. Additionally, Prisa is exposed to liabilities for the content of their publications and programs.



#### *Digital activity and safety net systems-*

Digital activities depend on internet service providers, online service providers and on systems infrastructure. Significant system failures or security breaches could have an adverse effect on operating results and financial condition of the Group.

#### *Technological risks-*

In order to maintain and increase its businesses and competitiveness, Prisa must adapt to technological advances, for which research and development are key factors. Technological changes may facilitate the entry of new competitors and potential market share decrease of the Group.

### **Financial Risks**

#### *Financing risks -*

The financial obligations of the Group are described in note 7.3 "*Financial Liabilities*" of the accompanying notes to the statements of Prisa for 2015.

As is described in that note, in the month of December of 2013 the Company signed a debt refinancing agreement.

In 2014 and 2015, the company paid off a total of EUR 1,610,590 thousand using the proceeds from the sale of Mediaset España, DTS and the increase in capital subscribed by Consorcio Transportista Occher, S.A. de C.V. These operations allowed the Group to fulfill in advance commitments of debt reduction included in the refinancing agreement at 31 December 2015, in such a way that the next relevant financial commitment is to fall due in 2018, when Tranche 2 falls due.

According to the contracts governing borrowing conditions and stipulated requirements, Prisa must meet certain commitments and financial leverage ratios (covenants). These contracts also include cross-default disposals.

As of December 31, 2015, the level of the Group bank debt (EUR 2,009 million), imply certain risks:

- increasing the vulnerability to general economic downturns and adverse industry conditions;
- requiring a portion of cash flow from operations to be dedicated to the payment of interest on the indebtedness, therefore reducing the ability to use cash flow to fund short term operations, working capital requirements, capital expenditures and future business operations;
- exposing the Group to the risk of increased interest rates, as a part of the borrowings are at variable rates of interest; and
- limiting the ability to adjust to changing market conditions and placing the Group at a disadvantage compared to competitors who have less debt.

#### *Equity situation of the parent company of the Company-*

In June 2014, as a result of the loss of EUR 750,383 thousand recognised by the Parent Company of the Group following the sale of a 56% stake in DTS, equity was negative in

the amount of EUR 593,513 thousand, and therefore the Parent Company qualified for dissolution in accordance with Spain's Corporate Enterprises Act.

In order to restore the equity balance, the mechanism foreseen in the refinancing agreement was used to automatically convert part of Tranche 3 of the company's debt into participating loans for a sufficient amount to offset the negative equity and the process to convert debt into the participating loan was carried out on 15 September 2014, in the amount of EUR 506,834 thousand, which brought the Company's equity to two thirds of share capital.

At 31 December 2014, as a result of, among other items, a review of the sale price of DTS and recognition of additional impairment of EUR 23,789 thousand, the equity of the Company with respect to the cause of dissolution and/or reduction of capital stipulated in Spain's Corporate Enterprises Act (including participating loans outstanding at year-end) stood at EUR 31,554 thousand.

In a bid to restore the equity balance, the automatic mechanism was again deployed to convert Tranche 3 of company debt into participating loans in a sufficient amount to offset the equity imbalance at the conversion date. Consequently, at 20 April 2015, an additional amount of EUR 19,750 thousands of Tranche 3 was converted into participative loan, once operations aiming at minimizing that amount were considered.

At 31 December 2015 the equity of the Company with this respect stood at EUR 166,886 thousand, which were over two thirds of share capital.

Additional losses to be registered by the Parent Company could result again in an equity imbalance situation.

#### *Sale of DTS-*

As described in the accompanying explanatory notes, at April 30, 2015, Prisa executed with Telefónica de Contenidos, S.A.U. the sale and purchase agreement of the 56% shares of DTS.

The Company has registered the sale of DTS for an amount of 724,554 thousand euros. At the date of preparation of these financial statements, an adjustment pending of resolution by an independent third party could reduce DTS sale price by EUR 29,173 thousand. Therefore, depending of the final resolution of this adjustment, the final result of the sale agreement could be modified.

#### *Liquidity Risk-*

The adverse macroeconomic situation, with significant drops in advertising, circulation is having a negative impact on the ability of the Group's cash generation in the last years, mainly in Spain. The advertising-dependent businesses have a high percentage of fixed costs and drop in advertising revenue significantly impact on margins and cash position, hindering the implementation of additional measures to improve the operational efficiency of the Group.

The Group thoroughly analyzes receivables and payments of its activities and maturity of financial and commercial debt. In relation with the commercial credit risk, the Group evaluates the aging of the debt and constantly manages receivables.

Additionally, the group analyzes on a recurrent basis other financing sources to cover short and medium term liquidity needs. However, as of December 31, 2015, the Group still maintains a bank debt level of EUR 2,009 million.

#### *Minority interests -*

There are significant minority interests in some cash generating companies, to highlight education and radio. Santillana is required to pay to its minority interests (25% of its share capital) a predetermined fixed preferred dividend.

#### *Interest rates risk exposure-*

Approximately 57.63% of its bank borrowings terms are at variable interest rates, and therefore the Group is exposed to fluctuations in interest rates. Interest rate hedges expired at December 31, 2015 and the Group did not arrange new hedges.

#### *Fluctuations in foreign exchange rates-*

The Company is exposed to fluctuations in the exchange rates mainly in the financial investments in Latin American subsidiaries, and for the revenues and results from those investments.

In order to mitigate this risk, as far as there are available credit facilities, the Group arranges hedges to cover the risk of changes in exchange rates (mainly foreign currency hedges and forwards) on the basis of projections and budgets which are reviewed on a monthly basis, in order to reduce volatility in cash flows transferred to the Parent from foreign subsidiaries.

#### *Tax risks-*

Tax risks of the Group are related to a possible different interpretation of the rules that could make the competent tax authorities, as far as this situation occurred in the past.

Directors consider probable the recoverability of the tax assets within the legal deadline, although there is a risk that the ability to generate taxable income would not be sufficient to allow the recoverability of the tax credits arising from carry forward of tax losses, the limitation of the deductibility of interest and depreciation expenses and tax deductions.

## **7. OUTLOOK**

The media industry is highly sensitive to trends in the main macroeconomic variables (i.e. GDP), consumption and, especially, the advertising cycle. Furthermore, businesses such as Education and Radio with an international presence are affected by changes in the exchange rates of the countries in which they operate. The economic management of these businesses is also affected by predictable changes in the variables mentioned above.

In terms of macroeconomic aggregates, it should be said that GDP growth in Latin America in 2015, according to IMF data (October 2015), has been uneven across the different countries. While the situation worsened in some, such as Brazil and Venezuela, growth gathered steam in others, such as Mexico, Peru, Chile and Colombia. According to IMF projections, the growth path will be steep in these countries in 2016, while in Brazil and Venezuela the decline in growth will slow down. The Group is influenced by changes in macroeconomic factors.

The Group's performance in Latin America was adversely affected by the weak exchange rate in the region, especially during the second half of 2015. Excluding the impact of exchange rates and the cyclical event of institutional sales in Santillana Brasil (2015 was a low cycle year), Latam performance continued to show growth in local currency in most countries in 2015.

In 2016, results in euros of Education and Radio will be affected by changes in exchange rates, even if kept in levels of end of the year 2015.

Another factor which affects future developments is the advertising cycle. Nevertheless, the Prisa Group's exposure to the performance of the advertising market is limited due to its diversified revenue mix (advertising revenues accounted for 36.2% of the total in 2015). Businesses which rely heavily on advertising have a high percentage of fixed costs, and consequently any increase in advertising revenues has major implications for earnings, improving Group's margins and its cash position.

Digital advertising is growing significantly. Effectively, revenues rose by 22.0% in 2015, with Press increasing its share of total advertising revenues to 36% (from 29% in December 2014). This growth is forecast to continue in 2016.

The advertising market in Spain grew by 5% in 2014 according to a report by i2P, and this improved in 2015, with overall growth of 5.8% according to the same source (i2P). The same source (i2P) forecasts further overall growth of 5% for the Spanish market in 2016.

In Spain, the Group's advertising revenues rose by 4.3% in 2015, but excluding extraordinary items, growth was even higher (6.4%), in line with the market. For 2016, growth in advertising revenues is forecast to be faster than for the market, supported by growth in digital and special events.

In Portugal, growth in the advertising market improved at the end of 2013, and was maintained in 2014. In 2015 the Portuguese market suffered a slowdown due to the economic situation in the country. For 2016, advertising in Portugal is expected to continue with low growth (except in the digital sphere).

Media Capital's advertising revenues increased by 2.1% over 2014 in spite of the fact that the Portuguese market failed to grow during 2015. In 2016, advertising is forecast to grow especially in digital and channels.

In Latin America, according to data from Zenith Optimedia (September 2015), the advertising market grew, at constant exchange rates, by 4% in 2015. Prisa Radio in Latin America remained stable at constant exchange rates (affected by the situation of the Radio industry in Chile). For 2016, Zenith Optimedia forecasts the advertising market to grow by 5% (with constant exchange rates).

Prisa has other, less cyclical, businesses that do not depend on advertising but still show scope for growth, especially in Latin America. One example is Education, which in 2015 contributed 46,8% of the Group's total revenues and 67.3% of its EBITDA. In Latin America, revenues fell by 9.9% over the same period (+0.4% at a constant exchange rate and eliminating the effect of the change in scope due to the departure of Ediciones Generales in June 2014), related to institutional sales cycles in Santillana. Growth in regular sales campaign was positive overall in local currency in 2015. In 2016, efforts in the publishing business remain focused on expanding digital education systems, especially in Mexico, Colombia and Brazil where growth in revenues and EBITDA were very significant in 2015.

Part of the Group's growth for 2016 will rely on digital growth. Digital audience numbers rose sharply (114.2 million unique browsers at end-December 2015, up 32.9% from a year earlier). In 2016, the Company will continue efforts to boost digital growth in all its business lines. Specifically, in Press the focus will remain on fully leveraging the leadership positions of the El País and As newspapers, not only in Spain, but also in the American market.

Against a backdrop of improvement in the economic situation in Spain, a slowdown in Portugal and growth in Latin America (despite a certain slowdown in some countries, especially Brazil), in 2016 a key priority for the Group continues to be cost and investment controlling and use the resources freed up for growth businesses maintaining a strict cost-control policy and adapting productive structures to revenue performance in order to maintain the profitability of the businesses.

In addition, the Group will continue to reinforce its capital structure (some operations were carried in January and February of 2016, such as the agreement to issue a mandatory convertible bond).

## 8. RESEARCH AND DEVELOPMENT ACTIVITIES

In view of the business activity carried on by the Company, it does not engage in research and development, but the Company heads a Group whose business areas are undergoing a rapid process of digital transformation.

In 2015, the press unit, via **Prisa Noticias**, continued to promote the Mobile department through the launch of new products, especially native applications.

EL PAÍS continued to lead innovation in mobile platforms with it being the first Spanish medium to launch an application for Apple Watch in June of this year.

EL PAÍS was also a front-runner in launching the new AMP format for mobile web and was the only medium in Spanish to form part of its presentation in October together with Google, the New York Times, The Guardian, and the BBC.

In November, the EL PAÍS app for Android, which has achieved more than a million downloads, was rewritten from scratch incorporating the latest usability trends based on Material Design. The focus in mobile developments has been widely accepted by readers: The number of users accessing EL PAÍS via these platforms doubled in 2015.

In 2015, AS consolidated its internationalisation with the new editions in Chile, Colombia, Mexico and Spanish-Speaking US. In June, it launched the Copa America 2015 app targeting the Latin American market and achieving more than 10,000 downloads during the month of the competition.

In June, the AS app, together with the launch of the Apple Watch, including the watch feature in its main app to be able to check all the scores in the Spanish football league.

Furthermore, in August, as in previous years, the Leagues Guide app was updated with the new 2015-2016 season information and including the leagues of Chile, Colombia and Mexico making it possible to check all their team and player stats.

In June 2015, Cinco Días launched its new App for iOS (iPhone and iPad) that includes news, market data, virtual portfolio and a PDF download service. The new iOS App has increased the number of daily downloads by 40% versus the previous version.

In 2015, Prisa Noticias continued developing its customer relationship management solution (CRM) for the various brands operating under Prisa Noticias.

The CRM platform has continued to evolve throughout the year, incorporating data from new customers, linked to the business, with the main aim of starting to use the data both for decision making in different business units regarding customers and to derive intelligence from the information enabling us to identify value for customers.

Based on this data intelligence approach, we have conducted a series of initiatives focussed on customising offers and proposals.

The customer relationship plan has been defined via our communication channels. The objective is to achieve integrated customer communication. This plan is based on:

1. Communication via email, with the specifications drafted in order to provide campaign management feature enabling structured communication with the customer based on his/her life cycle.
2. Social network management: integration of social profile of our subscribers in order to work the information from outside of our websites and be able to send messages to our customers based on their behaviour with this channel.
3. Re-focus the contact centre: Redefine processes, organisation and systems in order to improve the customer experience in after-sales.

Internally work has been carried out to strengthen the customer culture approach within the various business units as a continuation of the strategy launched three years ago.

In 2015, **Prisa Radio** increased its efforts to position products as leaders in the ecosystem of digital media, striving for leadership of online audio development in all of its markets. Significant efforts are being made to increase the offer of multimedia content and to ensure it is accessible to users wherever and whenever they wish to consume it.

The main areas of work this year have been:

- Firstly, migration of the radio portals to new editorial platforms, in order to equip all products with content management tools that promote the consumption of audio, enable multimedia content to be published, adapt to mobile consumption and drive more traffic and, thus, increased revenues.
- Secondly, following the continued growth of listening to radio live and on demand via mobile devices, the launch of applications for all radio brands has increased, using the corporate platform, Replicapp, to develop applications. For some products, mobile is now the preferred device for radio consumption.
- Thirdly, there has been an increase in the digitalisation of local radio stations, launching local content in Spain, Colombia and Mexico.
- Fourthly, in line with the trend towards multi-distribution of content, Radiapp has been launched, an aggregator app which enables listening of all Prisa Radio stations in Colombia and the apps of *Los 40 Principales* and CadenaSER have been integrated into the Ford connected cars system, Applink.
- Finally, within the field of publishing and managing radio content, the process of updating broadcasting platforms and developing the key elements to integrate them with the rest of the publishing platform has continued (Enciclomedia/ Redacta). The first version of a new portal for content consumption was also finalised to facilitate production and access to content on Enciclomedia (WikiMedia); the pilot of this product shall be launched during the first quarter of 2016 and full roll-out across the entire organisation in the second half of the year.

In terms of **Education**, SANTILLANA has maintained its commitment to including technology both in content solutions and in educational services. The most relevant initiatives were:

- Evolutionary development of the technological platform (**LMS**), backbone of the technological offer of **UNO** y **Share**, with the objective of improving the user experience:
  - Optimised design and usability, via guided assistants that facilitate the school set-up and management.
  - Strengthening the functionalities of academic management and evaluation with content creation tools and assessment activities that enable the teacher, supported by the new charts generator (Google Charts), to follow the academic progress of each one of his/her students.
  - Easy access and visualisation on mobile devices (smartphone/tablets) to include technology *responsive design* (adapted to the user's device).
  - Adoption of integrated educational technological standards that enable third party tools to be integrated reinforcing our commercial offer and improving time to market.

- Agreement with the North American company, Knewton to develop "**a2o**", a pilot project for a customised book using adaptive learning technologies. Development focussed on the field of Mathematics and, specifically, on algebra content for 12-13 year old students. 2,000 pupils from Spain and Latin America are taking part in the pilot project.
- Within the concept of customised learning, the development of the first module of "**Effective learning**", has been completed, a training tool for basic cognitive skills that support learning. The application designs a customised itinerary based on the pupil's performance in the initial tests which are then tailored as the pupil completes the various activities presented. In addition to the basic skills module, there are two new modules: reading skills and mathematics skills.
- Finalisation of the "**Learn and more**", project, a repository of digital content to support teaching and learning. Based on a semantic web system, it makes more than 60,000 learning objects available organised in one thousand five hundred lesson plans linked to curriculum topics. It enables the resources selected by the PRISA pool (El País and SER) to be added to the those selected and developed by Santillana, as well as the open resources that complement the various curricular topics.
- Development of an online assessment platform, **Pleno**, which provides teachers with a test bank with authoring tools and performance reports for their pupils. It is the first of the initiatives that the company is approaching within its strategic interest to position itself in evaluation, a key factor in improving the teaching-learning processes.
- Implemented by **SantillanaLAB**, a platform of experts from different fields of education, led by Santillana, with the common goal of reflecting on the current and future role of educational publishing, of the publisher, to provide differentiated solutions to the challenges of the future. Organised in two working groups, the experts debated both the conceptualisation of the textbook for the new educational paradigm and the trends that are driving the incorporation of innovative methodologies in schools, new educational roles and new organisational models for schools.

The working group **LabEDU** focussed on exploring, conceptualising, defining and considering specific educational proposals and emerging trends that could become product and service areas for Santillana. The working group **LabTEXT** focussed on facilitating the definition of the new digital textbook and reached an initial prototype.

- Conceptualisation, definition and development of **SET21**, a programme focussed on the new skills and competencies that pupils require nowadays. Via a proposal for print and digital materials, **SET21** develops and trains emotional skills,



entrepreneurial capacity, creativity, thinking skills and characteristics, communication, robotics and programming, and other basic tools that help to prepare pupils for the demands of today's society. A pedagogical proposal, specifically designed for schools, which aims to update education by incorporating content essential for a coherent and effective education in the 21st century.

In addition to what is highlighted above, in 2015 **PRISA Video** was created to develop and promote the video production, distribution and commercialization within the Prisa Group, in entertainment, current fairs, information, fiction and education.

PRISA Video launched a prestigious audio-visual production label, incorporating the new digital video narratives, and classical production for third parties. One of the main objectives of this production company is to develop content together with the advertisers and thus drive commercial transformation and growth of native advertising.

PRISA Video also analyses the opportunities within the digital video business environment separate from our current brands to design and launch new products. This crosscutting division of Prisa also works daily with technology and commercial teams to qualify the content offer and the video commercial strategy for the entire Group.

Other objectives include driving distribution agreements, identifying video tools and expanding the project in Latin America and USA Hispanics.

In quantitative terms, in 2015, the Group achieved 335 million views of its websites.

## **9. TREASURY SHARES**

Prisa has performed, and may consider performing, transactions with treasury shares. These transactions will always be for legitimate purposes, including:

- Undertaking treasury share acquisitions approved by the Board of Directors or pursuant to General Shareholders' Meeting resolutions.
- Covering requirements for shares to allocate to employees and management under stock option plans.

At December 31, 2015, Promotora de Informaciones, S.A. held a total of 457,037 treasury shares, representing 0.583% of its share capital.

Treasury shares are valued at market price at December 31, 2015 (5.220 euros per share).

The total amount of the treasury shares amounts to EUR 2,386 thousand.

At December 31, 2015, the Company did not hold any shares on loan.

## 10. SHARE PERFORMANCE

*Description of PRISA's shareholder structure.*

PRISA's share capital at 31 December 2015 consisted of 78,335,958 ordinary Class A shares. These shares are listed on the Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia).

In 2015, the Company has made an aggrupation of 2.158.078.740 shares into which the share capital was divided to its swap for 71,935,958 newly issued shares on the basis of one free share for thirty shares held, by increasing the par value of the shares from 0,1 euros to 3 euros, without modification of the share capital.

During the exercise of 2015, PRISA put into circulation 6,400,000 ordinary shares arising from the capital increase entirety subscribed by shareholder International Media Group.

Following the changes in the Company's share capital in 2015, its main shareholders are Amber, Telefonica, Rucandio, Consorcio Transportista Occher S.A, IMG, HSBC, Santander, Caixa and Telefonica. Free float stands at around 30%.

*Share price performance*

Prisa ordinary Class A shares began 2015 trading at a price of EUR 7.86 per share (2 January 2015) and ended the year at EUR 5.22 per share (31 December 2015), implying a decline of 33.6%.

Prisa's share price performance was extremely mixed over the quarters, with a 14.1% increase in the first quarter, a 11.1% fall in the second, a 58.1% plunge in the third and a 41.3% gain in the fourth. Performance was heavily shaped by the macroeconomic and political developments in Spain and in the Latam economies and the evolution of the financial markets throughout the year.

The following chart shows the performance of the Prisa Group's Class A shares relative to the IBEX35 index in 2015, indexed in both cases to 100:



Source: Bloomberg (1 January 2015, 31 December 2015)

## **11. AVERAGE SUPPLIER PAYMENT TIME**

According to the information required by the third additional provision of Law 15/2010, of 5 July (amended by the second final provision of Law 31/2014, of 3 December) approved in accordance with the resolution of ICAC (Spanish Accounting and Audit Institute) of 29 January 2016, the average period of payment to suppliers in commercial operations for companies located in Spain rises, in 2015, to 74 days.

The maximum legal period of payment applicable in 2015 under Law 3/2004, of 29 December, for combating late payment in commercial transactions, is 60 days.

During the coming financial year, the Directors will take the appropriate measures to reduce the average period of payment to suppliers to legally permitted levels, except in cases where specific agreements with suppliers exist which set further deferments.

## **12. EVENTS AFTER THE BALANCE SHEET DATE**

In January, Prisa arrived at an agreement to issue bonds mandatorily convertible into ordinary shares through swapping the financial debt in a minimum of EUR 100,185 thousand, for which there is an irrevocable commitment to subscribe, and a maximum of EUR 150,000.

This agreement is subject to the approval of the Annual General Meeting, and to obtaining certification issued as a special report for the Company's Auditor pursuant to the Corporate Enterprises Act and the mandatory report from an Auditor other than the company Auditor and appointed for that purpose by the Registry of Companies, the authorisation and consent of the company's creditors under existing financial commitments and the provision that there should be no material change in the financial situation of Prisa nor any suspension of or material change in the company's share price. The approval from company's creditors under existing financial commitments was obtained as of February, 2016.

In 2016, Prisa also continued with its debt reduction process, having agreed in February to repurchase a total of EUR 65,945 thousand of debt, using for this purpose funds from the sale of shares in DTS, with a discount of 16.02%.