



Grupo PRISA

1H 2004 results

July 22nd, 2004

EBIT OF PRISA AMOUNTED TO €101 MILLION IN THE FIRST SIX MONTHS OF THE YEAR.

The recovery of the advertising market, the performance of the promotions, the growth of the circulation figures and the cost-cutting initiatives in the new business divisions boosted these results

Revenues increased by 11.3%, up to €723 million, and net income amounted to €45 million, 34% higher

The most relevant issues during the first half of the year were the following:

- **Growth of the advertising revenues** (+9.1%). It is worth mentioning the performance of El País (+8.5%) and the radio business division (+4%).
- **Newspaper & magazine sales** grew by 6.2%. The 9% increase in the average daily circulation of El País, to 512,746 copies, should be highlighted.
- **The promotions** of the newspapers gave rise to an increase in revenues
- **Good performance of the schoolbook campaigns.**
- **Regional press and Prisacom** improved their results on the back of advertising, circulation, and cost-cutting initiatives.
- **The EBIT margin of the Group** came in at 14%, as opposed to 10% in the same period of the previous year.

Other issues were the following:

- **The restructuring** at **Cinco Días** allowed it to record positive EBIT in the first six months of the year.
- **Leisure & Entertainment** improved its results, following the agreement with Universal
- Radiópolis (Mexico) signed an agreement with Radiorama, thereby widening its coverage to 90% of the Mexican territory.



JANUARY-JUNE 2004

During the first six months of the year Grupo Prisa increased its **revenues** by 11.3%, reaching €723 million.

EBIT boosted to €100.65 million, a 56% increase over the same period of the previous year, mainly due to the rise of the advertising revenues (+9.1%), the performance of the newspaper promotions and the growth of the circulation figures.

Control and strengthening of the **new business divisions**¹ continued, and overall, they improved the operating result by 10%. The operating improvements at Regional Press, Prisacom and the Music business division should be noted. The restructuring carried out at Cinco Días led the newspaper to change the sign of its figures, recording positive EBIT.

Schoolbook campaigns in Southern Latin America, which took place in the first quarter, experienced a good performance. The outlook for the campaigns in Spain and Mexico is promising.

It is worth mentioning the significant improvement of **Group's margins**. As such, during the first half of the year, the Group's EBIT margin came in at 13.9% as compared to the 10.0% achieved during the same period of the previous year.

Net profit reached €45 million, 34% higher than the one registered during the same period of the previous year.

ADVERTISING

During the first six months of the year, the Spanish advertising market showed **clear signs of growth**. The **advertising revenues of the Group (€265.14 million)** increased by 9.1%.

PROMOTIONS

During the first half of the year revenues derived from promotions amounted to €3.04 million, contributing €1.66 million to EBIT.

It is worth mentioning the performance of the promotion of El País "La Enciclopedia". This promotion ended 30th May with an average of 330,000 copies sold per week.

¹ New business divisions include Local TV, Prisacom, International Media, Leisure & Entertainment and Regional Press



LATIN AMERICA

Latin America has demonstrated in 2004 a higher political and economic stability.

During the first half of 2004 revenues coming from this region amounted to €135.37 million, where most of them stemmed from Santillana.

Santillana showed growths in local currency terms in most of the countries where it is present. In addition, in this period, the exchange rate had a light positive impact in the total EBIT of the Group (€1.4 million).

There are still pending some important educational campaigns, such as that in Mexico, or some institutional sales in Brazil. Prospects are good for them.

Regarding International Media, the advertising investment increased by 3.2%. The exchange rate had not any material impact.



STATEMENT OF INCOME

The main financial figures of Grupo Prisa's income statement during the first half of 2004 can be summarized as follows:

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Revenues	722.54	649.01	11.3
EBITDA	142.26	107.97	31.8
EBIT	100.65	64.71	55.5
Financial Result	(4.67)	(3.21)	(45.5)
Equity Method Result	(13.33)	(1.71)	-
Goodwill Amortisation	9.88	7.50	31.7
Income before Extraordinary Items	72.77	52.29	39.2
Extraordinary Result	(13.29)	0.78	-
Income before taxes	59.48	53.07	12.1
Corporate income tax	14.38	18.90	(23.9)
Minority Interest	(0.12)	0.52	-
Net income	45.22	33.65	34.4

BUSINESS PERFORMANCE

Revenues increased by 11.3%, to €722.54 million, as compared to €649.01 million reached during the first half of 2003.

Revenue breakdown by business line was as follows:

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Advertising Revenues	265.14	243.12	9.1
Book & Rights Sales	153.28	145.67	5.2
Newspaper & Magazine Sales	122.63	115.50	6.2
Revenues derived from promotions	83.04	39.19	111.9
Printing Sales	30.82	40.81	(24.5)
Music Sales	17.82	21.39	(16.7)
Other Revenues	49.81	43.33	15.0
Total Revenues	722.54	649.01	11.3



Advertising revenues increased by 9.4% over the same period of the previous year.

The increase of the **advertising revenues** reflected in every media of the Group, as shown below:

€Million	JANUARY-JUNE		
	2004	2003	Chg %
El País	90.91	83.81	8.5
Radio	92.82	89.25	4.0
Specialized Press	18.83	16.61	13.4
GDM	52.71	43.08	22.3
International Media	20.92	20.27	3.2
Local TV	7.22	4.32	67.1
Prisacom	2.06	0.99	108.1

Noteworthy was the advertising revenue performance in:

- 1- **El País**, whose indisputable leadership within the national press allowed it to increase the advertising revenues by 8.5%, confirming the reactivation of the advertising market.
- 2- **Radio**, fuelled by the leadership position of Prisa in this media format.
- 3- The **Regional Press** and **Local TV**, showing the growth potential of the local advertising market.

El País and the Radio business division accounted for 35% and 33% respectively of the consolidated advertising revenues of the Group.

Despite the depreciation of most of the Latin American currencies against the euro, **Book & Rights sales** increased by 5.2%, to €153.28 million.

It should be highlighted the sound performance of the educational campaigns in most of the Latin American countries in which they take place in the first quarter, mainly in Brazil, Chile and Argentina.

In Mexico, the institutional sales of books, part of which occur in the second quarter, rose by 10.9% with respect to the same period of the previous year.

Magazine and Newspaper sales experienced an increase of 6.2% reaching €122.63 million.

Revenues derived from promotions rose by 111.9%, to €3.04 million.

Printing sales declined by 24.5%, since the results of the printing company Dédalo have been consolidated by the proportionate consolidation method (40%) for the first

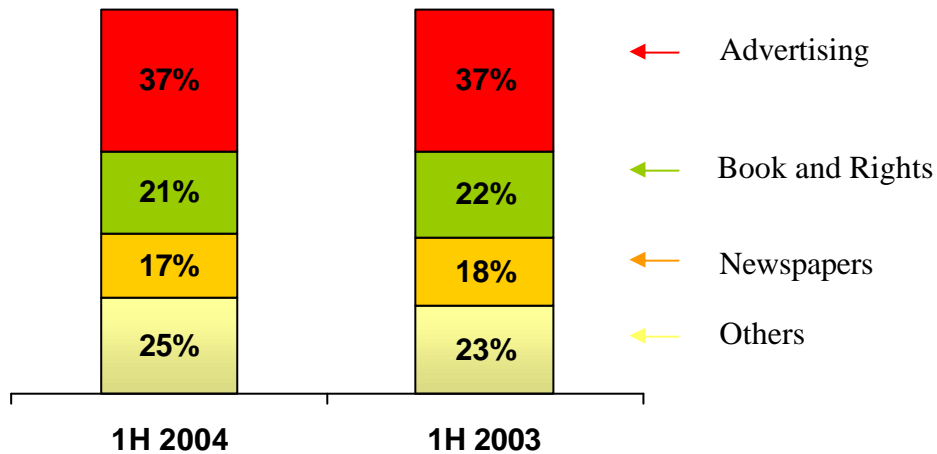


time in 2004. Dédalo was set up in 2003 following the agreement between Prisa and Polestar to merge their printing businesses in Spain.

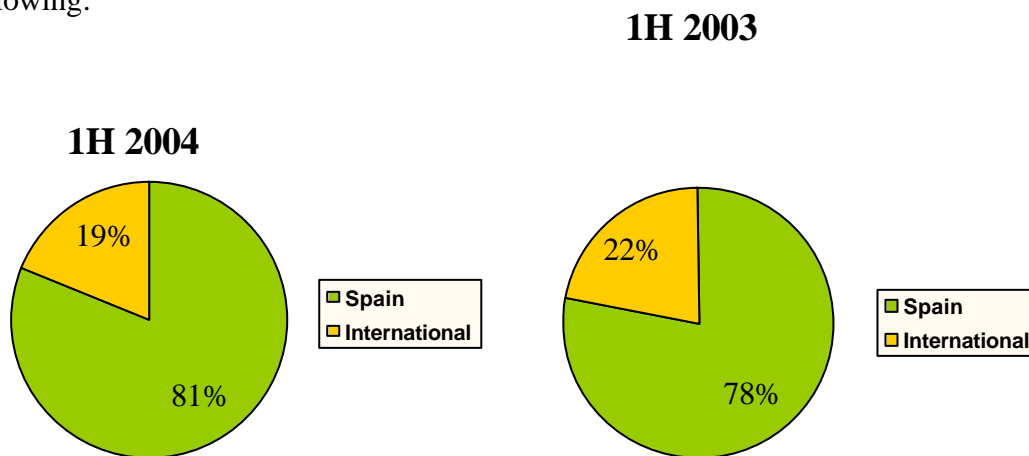
Music sales experienced a decrease of 16.7%, due to the lower activity, the absence of new launchings and the agreement reached, in April, with Universal Music Spain, by virtue of which, Prisa sells the record rights of its main artists and the running of the music catalogues of its subsidiaries Compañía Discográfica Muxxic Records, S.A, Ediciones Musicales Horus, S.A. and Eurotropical Producciones Discográficas, S.L.

Other operating revenues increased by 15% mainly due to the higher revenues coming from the edition of magazines on behalf of third parties and renting. Additionally, the higher programming sales contributed to this growth.

Revenue breakdown by business line could be depicted as follows:



Geographic breakdown of revenues during the first half of 2004 and 2003 was the following:



Approximately 79% of the Group's international revenues came from the publishing business division, Santillana, 17% stemmed from the International Media business division, whereas the remaining 4% corresponded to Dédalo, the printing unit.

EBIT amounted to €100.65 million, as compared to €64.71 million reached during the first half of the previous year, which demonstrates a 55.5% increase and was mainly due to:

- **Operating improvements experienced by El País and the Radio.**
- **Operating profit improvement at GDM PrisaCom, the Regional Press, Leisure & Entertainment and Distribution.**

The financial result amounted to negative €4.67 million, as opposed to €3.21 million losses in the first half of 2003. This worsening was mainly due to the lower positive differences in the exchange rate recorded in 2004. As of June 30th the cost of debt was 2.4%.

The equity method result, mainly included the stakes in Sogecable, Antena 3 Radio and Iberbanda.

The stake in Sogecable, which has been increased to 20%, contributed €1.97 million losses. Iberbanda contributed losses amounting to €3.75 million. On the other hand, the positive contribution of Antena 3 amounted to €4.01 million.

The **goodwill amortisation** increased by 31.7%, mainly due to the goodwill generated for the stake increase in Sogecable and Grupo Latino de Radio.

The **extraordinary result** amounted to negative €13.29 million, as opposed to positive €0.78 million in the first half of the previous year.

In the first half of 2003 the Group recorded €10.8 million extraordinary revenues as a result of the inclusion of Iberbanda into the scope of consolidation. These revenues are not generated again in 2004 and are the main reason that explains the negative change of the extraordinary result with respect to the previous year.

Consequently, **profit before taxes** increased by 12.1% with regard to the same period of the previous year, reaching €9.48 million.

The **corporate income tax** declined from €18.91 million in the first half of 2003 to €4.38 million in the first half of 2004, whereas the **minority interest** amounted to negative €0.12 million.

As a result, **net income** reached €45.22 million, as compared to €33.65 million registered in the same period of 2003. This demonstrates a 34.4% improvement.



BALANCE SHEET

ASSETS	€Million	
	06/30/2004	12/31/2003
TOTAL FIXED ASSETS	710.61	722.09
Start-up expenses	10.83	11.87
Intangible assets	108.22	114.26
Tangible fixed assets	294.71	292.13
Long-term financial investments	267.14	274.47
Treasury stock	29.71	29.36
GOODWILL IN CONSOLIDATION	331.74	316.34
DEFERRED CHARGES	14.47	6.85
CURRENT ASSETS	679.34	581.36
Inventories	101.34	91.06
Accounts receivable	511.50	429.83
Short-term financial investments	25.12	10.14
Cash	23.44	39.31
Prepayments	17.94	11.02
TOTAL ASSETS	1,736.16	1,626.64

LIABILITIES	€Million	
	06/30/2004	12/31/2003
TOTAL SHAREHOLDERS EQUITY	686.79	660.67
Capital Stock	21.88	21.88
Controlling company reserves	619.69	578.19
Income attributed to the controlling company	45.22	60.60
MINORITY INTEREST	21.03	28.02
DEFERRED REVENUES	7.05	9.15
PROVISIONS FOR CONTINGENCES AND EXPENSES	19.63	19.84
LONG TERM LIABILITIES	518.98	481.79
Payable to credit entities	330.97	296.56
Bonds issue	162.30	162.30
Other long-term liabilities	25.71	22.93
CURRENT LIABILITIES	482.68	427.17
Payable to credit entities	111.77	106.99
Trade accounts payable	188.70	192.37
Other short-term liabilities	174.60	122.91
Accrual accounts	7.61	4.90
TOTAL LIABILITIES	1,736.16	1,626.64



INVESTMENTS

Investments in long-term assets amounted to €89.74 million as opposed to €50.72 million during the same period of the previous year.

The breakdown of the investments by business division was the following:

INVESTMENTS 1H 2004	€Million
Prisa	30.34
Publishing	16.54
Leisure & Entertainment	10.82
El País	8.69
Printing	5.69
Radio	5.28
Local TV	4.69
Other	7.69
Total	89.74

Prisa's investments, which amounted to €30.34 million, mainly included the stake increase in Sogecable (€12 million) and the acquisition of a 13.24% interest in Grupo Latino de Radio for €16.51 million.

The investments in Santillana mainly corresponded to prototypes. The investments at El País and the printing division mainly included rotaries.

The breakdown of the investments by type of long-term asset was as follows:

INVESTMENTS 1H 2004	€Million
Start-up expenses	0.68
Intangible assets	22.87
Tangible fixed assets	28.82
CAPEX	52.37
Long-term financial investments	37.37
TOTAL INVESTMENTS	89.74

NET DEBT

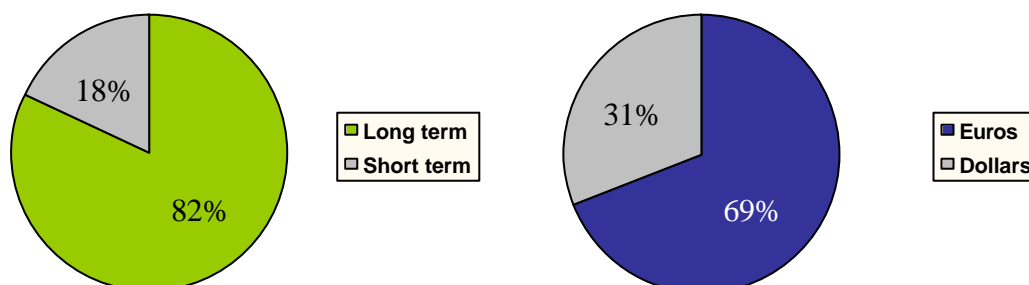
The net debt as of June 30th, 2004 amounted to €56 million, in comparison to €16 million as of December 31st, 2003.

NET DEBT JUNE 2004	€Million
Financial debt	605.04
Long term	493.27
Short term	111.77
Cash and short term financial investments	48.56
Net Debt	556.48

€62.3 million out of the long-term debt corresponded to bonds exchangeable for ordinary shares of the Group held as treasury stock. The issue of these bonds took place in December 2003. The financial debt amounted to €605.04 million and additionally the Group holds opened credit facilities amounting to €325 million.

The coupon of the bonds was set at 1.75% and since the remaining financial debt is linked to floating rates, 27% out of the total debt is linked to a fixed rate and the remaining 73% to a floating rate.

In addition, the long-term debt accounted for 82% of the total financial debt and by currency, 69% of the debt was denominated in euros and the rest in dollars.



CASH FLOW STATEMENT

€Million	06/30/2004	06/30/2003
EBIT	100.65	64.71
Depreciation & Amortisation	36.95	38.58
Change in Working capital items	(48.15)	(74.08)
CAPEX	(52.37)	(52.19)
Operating cash flow	37.08	(22.98)
Financial investments	(37.37)	(1.28)
Financial result	(4.67)	(3.21)
Extraordinary result	(13.29)	0.78
Dividends and Directors' compensation	(22.64)	(20.09)
Taxes	(14.38)	(18.91)
Other	15.19	12.12
NET DEBT CHANGE	40.08	53.58

The operating cash flow amounted to €37.08million. The higher operating profit, together with the improvement in the working capital change, contributed to significantly improving the operating cash flow generation.



BUSINESS DIVISIONS PERFORMANCE

- EBIT at **El País** increased by 67.5% over the same period of the previous year, up to €77.12 million, due to the increase in both the advertising and circulation revenues, as well as the contributions of the promotions. In addition, the EBIT margin stood at 34.8%, as compared to 29.2% in the first half of 2003.
- The revenues of the **Radio** division in Spain grew by 5.1%, with a 4% increase of the advertising revenues. EBIT increased by 5.5%.
- Good performance of the **schoolbook sales in Latin America**.
- **EBIT at Specialised and Regional Press** improved by 59.4% y-o-y.
- **Radiópolis** reached an agreement with Radiorama, increasing its coverage in Mexico to 90%.
- The Internet division - **Prisacom** - improved its operating profit.
- EBIT at **GDM** increased as a consequence of the recovery of the advertising market.
- Prisa began to consolidate by the proportionate consolidation method the results of the new printing company, **Dédalo**. Prisa hold a 40% stake in the new company.



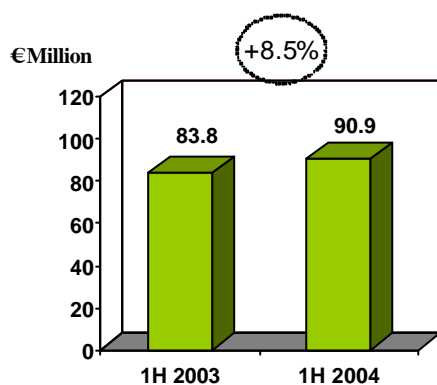
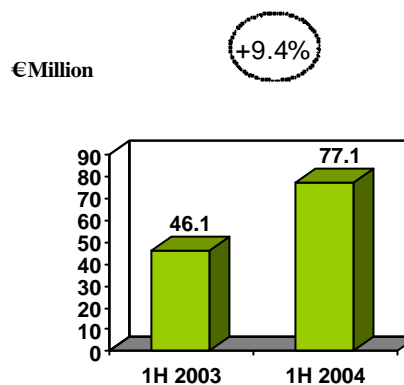
REVENUES €Million	JANUARY-JUNE		
	2004	2003	Chg. %
El País	221.89	157.91	40.5
Specialised & Regional Press	62.27	58.65	6.2
Radio	104.29	99.19	5.1
Local TV	16.79	11.24	49.4
International Media	24.40	23.22	5.1
Education & General Editions	157.91	149.60	5.6
Prisacom	7.05	5.97	18.1
Leisure & Entertainment	39.55	52.28	(24.4)
Printing	38.60	57.24	(32.6)
GDM	52.71	43.08	22.4
Distribution	120.98	102.26	18.3
Other	13.17	9.75	35.1
Consolidation adjustments	(137.07)	(121.94)	20.3
TOTAL	722.54	649.01	11.3

EBIT €Million	JANUARY-JUNE		
	2004	2003	Chg. %
El País EBIT Margin	77.12 34.8%	46.05 29.2%	67.5
Specialised & Regional Press EBIT Margin	1.96 3.2%	1.23 2.1%	59.4
Radio EBIT Margin	21.30 20.4%	20.20 20.4%	5.5
Local TV EBIT Margin	(6.02) (35.9%)	(5.35) (47.6%)	(12.5)
International Media EBIT Margin	(2.93) (12.0%)	(1.84) (7.9%)	(59.2)
Publishing EBIT Margin	11.22 7.1%	12.44 8.3%	(9.8)
Prisacom EBIT Margin	(3.53) (50.1%)	(5.02) (84.1%)	29.7
Leisure & Entertainment EBIT Margin	(3.71) (9.4%)	(5.36) (10.2%)	30.8
Printing EBIT Margin	1.50 3.9%	3.91 6.8%	(61.7)
GDM EBIT Margin	3.40 6.5%	2.68 6.2%	26.9
Distribution EBIT Margin	1.87 1.6%	0.38 0.4%	-
Adjustments & Others	(1.53)	(4.61)	(58.8)
TOTAL Margin	100.65 13.9%	64.71 10.0%	55.5



EL PAÍS

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Operating Revenues	221.89	157.91	40.5
Operating Expenses	144.77	111.86	29.4
EBIT	77.12	46.05	67.5
%/Sales	34.8%	29.2%	
EBITDA	83.30	52.71	58.0
%/Sales	37.5%	33.4%	

Advertising Revenues**Circulation Revenues**

El País improved its soundness and profitability during the first half of 2004, with a noteworthy increase in revenues (+40%) and a 67.5% improvement at EBIT level. The EBIT margin was 34.8%.

- **Advertising Revenues**, rose by 8.5% with respect to the same period of the previous year, confirming the reactivation of the advertising market. In the second quarter, the advertising revenues increased by 8.9% y-o-y.

- **Circulation revenues**, grew by 9.4%, to €74.40 million.

	January-June 2004	January-June 2003	Chg %
Average daily circulation	512,746	469,879	9.1
Weekly average circulation	870,280	829,787	4.9



The success of the promotions that took place in the first half of the year (the second edition of “Un País de Cine” and “Los discos de tu vida”, “El País de Aventuras”, "La Enciclopedia", “La Serie Negra”, and a DVD collection) led revenues derived from promotions to increase from €4.64 million in the first half of 2003 to €5.35 million in the first half of 2004. It is worth mentioning the performance recorded by the promotion “La Enciclopedia”.

Operating expenses increased in a lower proportion than the growth in revenues. The newsprint consumption increased by 2.5% due to the higher circulation figures. The paper price declined by 6.3% over the same period of the previous year.

Profitability improved significantly - **EBIT** rose by 67.5% and the **EBIT margin** stood at 34.8%, as compared to the 24.1% posted in 1H 2003. Without the effect of the promotions, the EBIT margin would have been 34.5%.

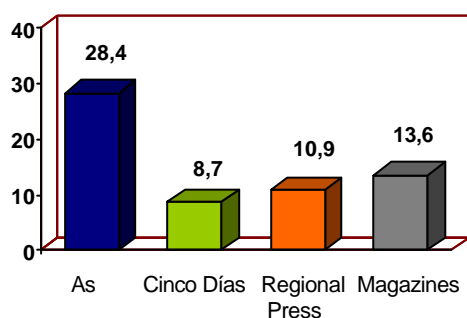
SPECIALISED AND REGIONAL PRESS

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Operating Revenues	62.27	58.65	6.2
Operating Expenses	60.31	57.42	5.0
EBIT	1.96	1.23	59.4
%/Sales	3.2%	2.1%	
EBITDA	3.49	2.64	32.2
%/Sales	5.6%	4.5%	

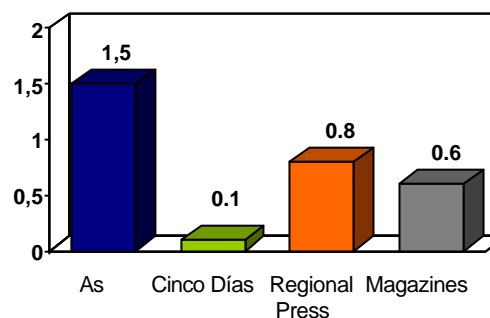
Operating revenues (€million)

EBIT (€million)

JANUARY-JUNE



JANUARY-JUNE



The increase in revenues experienced by the Regional Press and the magazines, together with the remarkable control of expenses, allowed this division to record an operating profit of €1.96 million, as compared to €1.23 million in the first half of 2003, what demonstrates a 59.4% increase.

During the first half of the year, the key highlights of **Diario AS** were the following:

- A 17% increase of the advertising revenues in the second quarter of the year. Therefore, the advertising revenues cumulative to June increased by 7.2%.
- A reduction of the **newspaper sales**, which dropped by 1.6% due to a decline in the circulation figures. The **average daily circulation** reached 194,174 copies as opposed to 206,452 copies in the same period of the previous year.

Cinco Días recorded positive EBIT, as opposed to €0.69 million operating losses registered in the same period of the previous year. The increase of the advertising revenues (+4%), together with the reduction of the operating expenses, as a



consequence of the restructuring initiatives that took place in January 2004, explained this operating improvement.

The **average daily circulation** in Cinco Días amounted to 24,172 copies, as compared to 24,527 copies reached in the same period of the previous year.

Regional Press recorded €0.77 million EBIT, as opposed to €0.48 million registered in the same period of the previous year, which demonstrates a 59.1% increase. This improvement is namely explained by:

- Higher advertising revenues, which grew by 13.4%, namely due to the positive evolution of the local advertising.
- The growth of the newspaper sales, which increased by 34.6% with respect to the same period of the previous year.

In addition, the revenues of the **magazines** increased by 24.3%. It should be highlighted the circulation figures of Cinemanía (70,890 copies) and Rolling Stones and the favourable positioning of the magazine Gentleman in the market.

RADIO

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Operating Revenues	104.29	99.19	5.1
Operating Expenses	82.99	78.99	5.1
EBIT	21.30	20.20	5.5
%/Sales	20.4%	20.4%	
EBITDA	23.78	22.66	4.9
%/Sales	22.8%	22.9%	

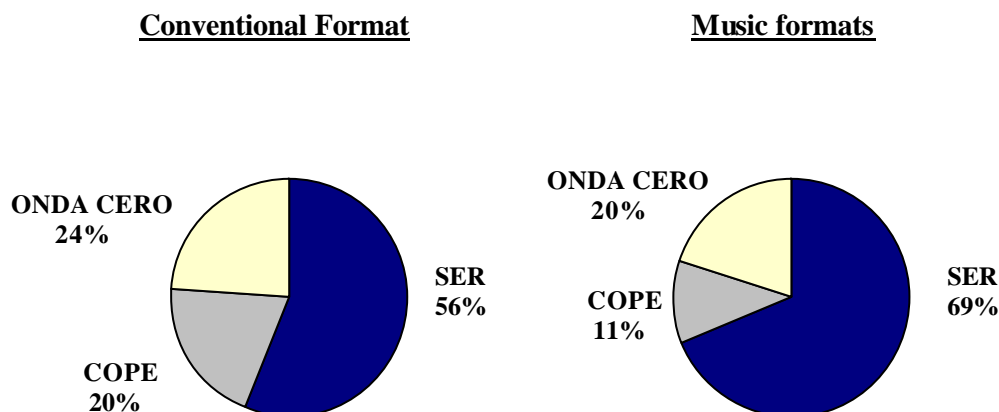
During the first half of 2004, the revenues of the radio business division in Spain increased by 5.1%.

- The **advertising revenues** increased by 4% to €2.82 million.
- The **remaining revenues**, mainly included those derived from the “tarjeta 40” (agreement with la Caixa) rose by 15.4%.

EBIT rose by 5.5% y-o-y.

Regarding **audience**, the last EGM (Estudio General de Medios) confirmed the leadership of SER, in both conventional and music formats. It is worth mentioning that in the conventional radio format SER had 5,387,000 listeners, 187,000 more than in the same EGM of 2003.

The audience share of the main radio groups in Spain, both in conventional radio and radio formulas, was as follows:

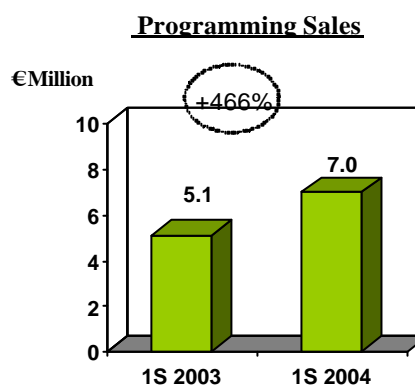
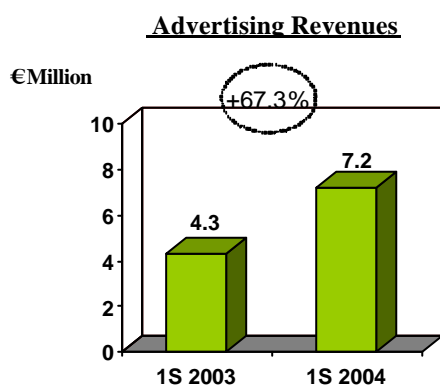


LOCAL TV

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Operating Revenues	16.79	11.24	49.4
Operating Expenses	22.81	16.59	37.5
EBIT	(6.02)	(5.35)	(12.5)
%/Sales	(35.9%)	(47.6%)	
EBITDA	(4.69)	(4.10)	(14.4)
%/Sales	(27.9%)	36.5%	

The revenues of the Local TV recorded a significant growth during the first half of the year.

- The **advertising revenues** (43% of the operating revenues) increased by 67.3%, to €7.22 million.
- The **programming sales** (42% of the operating revenues) rose by 36.3%, to €7.02 million.



According to Sofres, the audience of Localia cumulative to June reached 9,609,840 spectators, which means 2,707,000 more than its main peer.

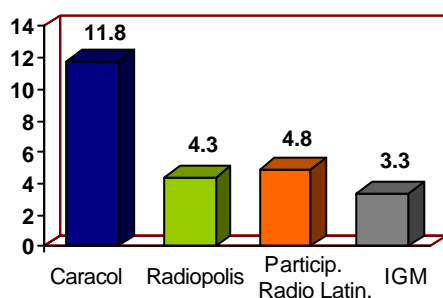


INTERNATIONAL MEDIA

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Operating Revenues	24.40	23.22	5.1
Operating Expenses	27.33	25.06	9.1
EBIT	(2.93)	(1.84)	(59.2)
%/Sales	(12.0%)	(7.9%)	
EBITDA	(0.50)	0.40	-
%/Sales	(2.1%)	1.7%	

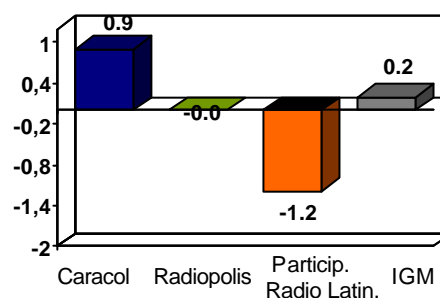
Operating Revenues

€Million



EBIT

€Million



Caracol increased its revenues during the first half of the year, despite the slight depreciation of the Colombian peso versus the euro.

Participaciones de Radio Latinoamericana (PLR) increased its results. Revenues rose by 26.9% y-o-y, and the operating expenses were contained notably due to the restructuring and cost-cutting initiatives. This, together with the operating leverage of the radio business, led operating losses to decline by 13.8%.

Despite the political and economic crisis of Bolivia, the restructuring measures and the change in the shareholder structure that took place in **Inversiones Grupo Multimedia** in 2003, led to positive EBIT, as opposed to operating losses amounting to €0.28 million in the first half of the year.

The revenues in local currency terms of Radiópolis increased by 2%. Nevertheless, the depreciation of the Mexican peso versus the euro led revenues in euro terms to decrease by 13.1%.



In June of this year Radiópolis reached an agreement with Radiorama that will enable Radiópolis to ample its coverage in Mexico to 90% of the potential audience. The agreement includes the incorporation of 41 stations to the current network of Radiópolis, thereby reaching 71 stations in the largest cities of the country. Radiópolis will supply its content related to news, entertainment, sports and music with its brands W Radio, 40 principales, Ke Buena and Bésame Radio.

In addition, Prisa has acquired a 13.24% stake in the capital share of Grupo Latino de Radio, S.L (GLR) to the Colombian business and media group, Valores Bavaria. Thereby, Prisa holds a 100% interest in GLR.



EDUCATION AND TRAINING

€Million	JANUARY-JUNE		
	2004	2003	Chg. %
Operating Revenues	157.91	149.60	5.6
Operating Expenses	146.69	137.16	7.0
EBIT	11.22	12.44	(9.8)
%/Sales	7.1%	8.3%	
EBITDA	27.04	27.70	(2.4)
%/Sales	17.1%	18.5%	

The schoolbook campaigns recorded good performances, with revenues substantially increasing in local currency terms in most of the countries.

It is worth mentioning the performance of the campaigns in Brazil, Argentina and Chile:

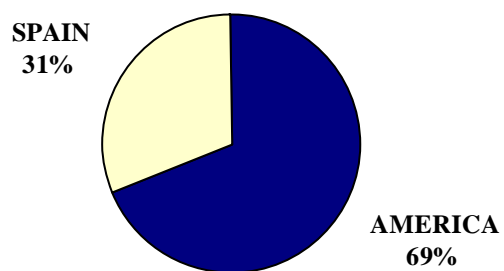
- In **Brazil**, the revenues grew by 22.5%. The cost-cutting initiatives gave rise to a 12.2% increase in EBIT. In this country some institutional sales will take place along the year.
- In **Argentina**, the higher political stability and the improvement of the Argentine economy facilitated the growth of the schoolbook sales, which increased by 14.1%.
- The schoolbook sales in **Chile** rose by 19% y-o-y.
- In **Mexico**, the institutional sales in euros increased by 10.9%, despite the depreciation of the Mexican peso against the euro.

In February 2004, Santillana acquired a 50% stake in the company Suma de Letras. As a result, Santillana holds a 100% interest in the capital share of Suma de Letras. Suma de Letras is a company devoted to publishing pocket editions, and it is present throughout Latin America, where it has subsidiaries in Mexico and Argentina. Additionally, it has a wide distribution network in the rest of the Latin American countries.

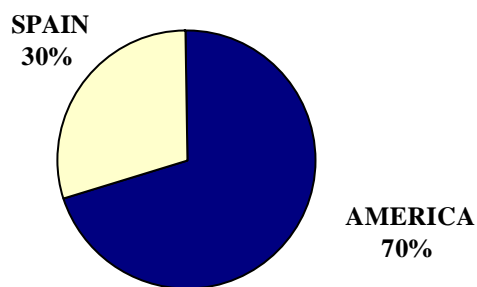


Geographic breakdown of revenues during the first half of 2003 and 2004 was as follows:

Geographic breakdown of revenues in 1H 2003



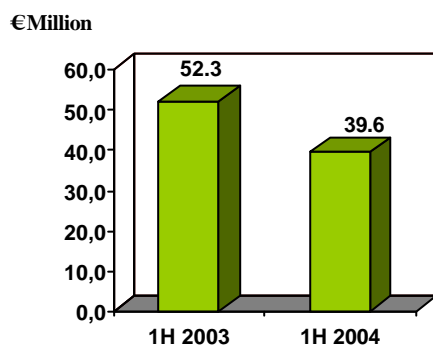
Geographic breakdown of revenues in 1H 2004



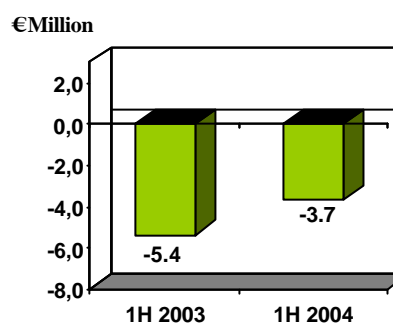
LEISURE & ENTERTAINMENT

€Million	JANUARY-JUNE		
	2004	2003	Chg %
Operating Revenues	39.55	52.28	(24.4)
Operating Expenses	43.26	57.64	(24.9)
EBIT	(3.71)	(5.36)	30.8
%/Sales	(9.4%)	(10.2%)	
EBITDA	(0.67)	(2.08)	67.8
%/Sales	(1.7%)	(4.0%)	

Operating revenues



EBIT



The new positioning of the Group in this business division reflected in its activity and gave rise to an operating improvement.

The decline in revenues and expenses was mostly due to the lower activity, derived from the agreement reached with Universal, by virtue of which, Prisa sells the record rights of its main artists and the running of the music catalogues of its subsidiaries Compañía Discográfica Muxxic Records, S.A, Ediciones Musicales Horus, S.A. and Eurotropical Producciones Discográficas, S.L.

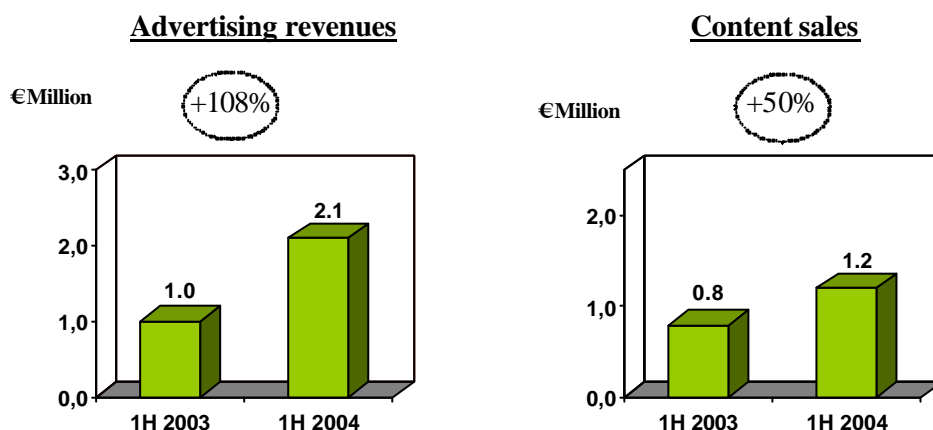
The operating losses improved by 30.8% over the same period of the previous year.



PRISACOM

€Million	JANUARY-JUNE		
	2004	2003	Chg %
Operating Revenues	7.05	5.97	18.1
Operating Expenses	10.58	10.99	(3.7)
EBIT	(3.53)	(5.02)	29.7
%/Sales	(50.1%)	(84.1%)	
EBITDA	(2.50)	(3.82)	34.6
%/Sales	(35.5%)	(64.0%)	

Prisacom increased its revenues by 18.1% due to the growth of the advertising revenues and the content sales.



This, together with the control of expenses, which declined by 3.7% y-o-y, resulted in a 29.7% decrease in the operating losses.

In 2003 Prisacom began to develop, together with Santillana, the business of on-line educational platforms and has already reached important agreements, both in Spain and Latin America.

In addition, in January 2004 the company Infotecnia² began to be consolidated by the proportionate consolidation method. Prisacom has a 50% stake in this company, which is devoted to lending informative services to users by telephone.

In June 2004 the number of paid subscribers of the site El Pais.es amounted to 33,700.

² Telephonic information number 11824



MEDIA ADVERTISING SALES (GDM)

€Million	JANUARY-JUNE		
	2004	2003	Chg %
Operating Revenues	52.71	43.08	22.4
Operating Expenses	49.31	40.41	22.0
EBIT	3.40	2.68	26.9
%/Sales	6.5%	6.2%	
EBITDA	3.57	2.90	23.1
%/Sales	6.8%	6.7%	

During the first half of 2004 the Spanish advertising market continued the upward trend that began in 2003 and experienced a remarkable growth.

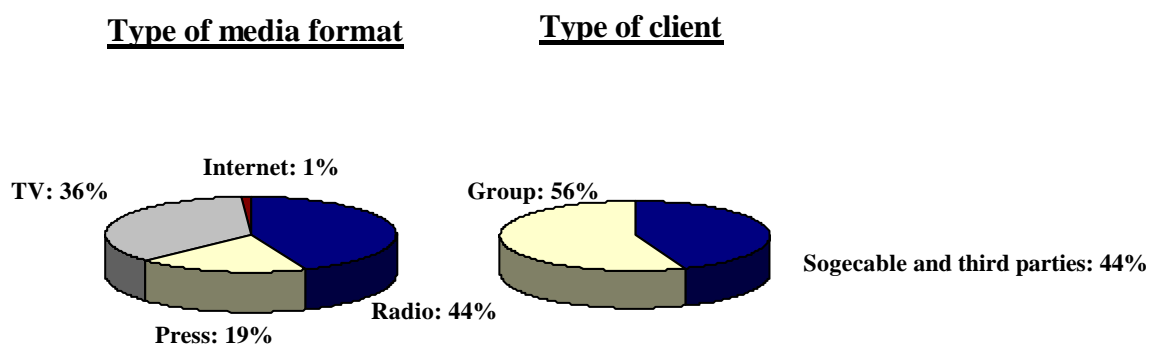
The improvement was reflected in every media format of the Group, particularly on TV and general press.

Additionally, the improvement of the advertising market resulted in an increase of margins, and therefore, the net revenues of GDM increased by 12.5% over the same period of the previous year.

€Million	JANUARY-JUNE		
	2004	2003	Chg %
Advertising Sales	52.71	43.08	22.4
Supplies	41.42	33.04	25.4
Net revenues	11.29	10.04	12.5

All this led EBITDA and EBIT to increase by 23.1% and 26.9% respectively.

The advertising managed by **GDM**, by type of media format and client, was as follows:



PRINTING

€Million	JANUARY-JUNE		
	2004	2003	Chg %
Operating Revenues	38.60	57.24	(32.6)
Operating Expenses	37.10	53.33	(30.4)
EBIT	1.50	3.91	(61.7)
%/Sales	3.9%	6.8%	
EBITDA	5.40	9.45	(42.9)
%/Sales	14.0%	16.5%	

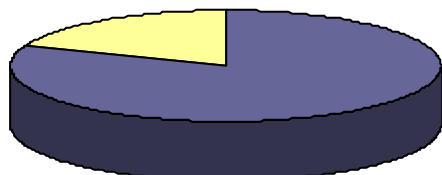
In 2004 Grupo Prisa has begun to consolidate by the proportionate consolidation method (40%) the results of the new printing company, Dédalo.

Dédalo was set up in 2003, as a result of the merger of the printing businesses in Spain of Grupo Prisa and Polestar, and it is 40% equally owned by Grupo Prisa and Polestar, with the remaining 20% owned by Ibersuizas, the financial partner.

Revenue breakdown by geographic region (both national and exports) and type of client (Clients of the Group and third parties) was as follows:

Type of client

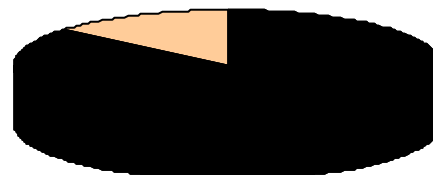
Clients of the Group: 19%



Third parties: 81%

Geographic region

Exports: 14%



National: 86%



During the first half of 2004, the new merged company has completed the shutting of the plant of Altamira, a plant with technology “commercial offset” located in the industrial area of Las Mercedes, in Madrid.

Additionally, the new company has focused the activity of “commercial offset” on the plant of Mateu Press, located in Pinto. This will generate economies of scale and synergy, as well as an improvement in the competitive position in the aforementioned segment of “commercial offset”. This improvement will also be fuelled by the new rotary Lithoman IV, which has started its activity in May and will absorb part of the current activity of the shut plant.

Likewise, during the first half of 2004, Dédalo has made progress with the organizational and operational integration that result from a business merger.



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