

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

Individual Financial Statements  
and Directors' Report  
for 2006

*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 Note 25). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

1. We have audited the financial statements of PROMOTORA DE INFORMACIONES, S.A. (PRISA) comprising the balance sheet as of December 31, 2006, and the related statement of income and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the evidence supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.
2. As required by Spanish corporate and commercial law, for comparison purposes the directors present, in addition to the 2006 figures for each item in the balance sheet and statements of income and of changes in financial position, the figures for 2005. Our opinion refers only to the 2006 financial statements. On February 17, 2006, we issued our auditors' report on the 2005 financial statements, in which we expressed an opinion qualified for a matter similar to that described in paragraph 3 below.
3. PROMOTORA DE INFORMACIONES, S.A. (PRISA), as the head of a Group, presents consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs). On this same date we issued our auditors' report on the 2006 consolidated financial statements referred to above, in which we expressed an opinion qualified for a matter that does not alter the consolidated equity. Based on the content of those consolidated financial statements prepared in accordance with EU-IFRSs, the total volume of consolidated equity amounts to €1,157,234 thousand, the consolidated income for the year totals €228,909 thousand and the total volume of assets and sales amounts to €6,018,034 thousand and €2,811,758 thousand, respectively. Also, as indicated in Note 4-d to the accompanying financial statements, the Company's directors value the investments in Group and associated companies at the lower of acquisition cost and underlying book value adjusted, where appropriate, for the amounts of goodwill existing as of December 31, 2006, in the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, since they consider that in this way the value of the equity investments is reflected on a uniform basis in both the individual financial statements and the Group's consolidated financial statements. However, the Company should have valued these investments in accordance with the Spanish National Chart of Accounts and with the Spanish technical accounting standards relating to the methods to be applied to reflect in the valuation of investments recorded under the "Long-Term Investments" caption in the balance sheet the effect of the amortization of the goodwill existing at year-end. Had the aforementioned methods been applied, net income for 2006 would have been decreased and the balance of the "Allowances for Investments in Group and Companies Associates" account as of December 31, 2006, would have increased by €82,799 thousand.

4. In our opinion, except for the matter indicated in paragraph 3 above, the accompanying financial statements for 2006 present, in all material respects, a true and fair view of the net worth and financial position of PROMOTORA DE INFORMACIONES, S.A. (PRISA) as of December 31, 2006, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.
5. The accompanying directors' report for 2006 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 2006. 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 Company's accounting records.

DELOITTE, S.L.  
Registered in BOAC under no. S0692



Luis Jiménez Guerrero

February 16, 2007

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

Individual Financial Statements  
for 2006

**PROMOTORA DE INFORMACIONES, S.A. (PRISA)**  
**BALANCE SHEETS AT 31 DECEMBER 2006 AND 2005**  
**(Thousands of Euros)**

ASSETS	31/12/06	31/12/05	SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/06	31/12/05
<b>A) NON-CURRENT ASSETS</b>	<b>2,980,157</b>	<b>1,369,694</b>	<b>A) SHAREHOLDERS' EQUITY (Note 12)</b>	<b>836,339</b>	<b>730,118</b>
I. START-UP EXPENSES	-	722	I. SHARE CAPITAL	21,881	21,881
II. INTANGIBLE ASSETS (Note 5)	6,559	4,008	II. SHARE PREMIUM	108,369	108,369
1. Concessions, patents and other	60	113	III. REVALUATION RESERVE 1983	3,289	3,289
2. Computer software	4,926	5,562	IV. REVALUATION RESERVE ROYAL DECREE-LAW 7/1996	10,650	10,650
3. Advances and intangible assets in progress	5,204	1,581	V. RESERVES	554,403	476,186
4. Accumulated amortisation	(3,631)	(3,248)	1. Legal reserve	4,376	4,376
III. PROPERTY, PLANT AND EQUIPMENT (Note 6)	4,178	3,418	2. Reserves for treasury shares	38,881	32,766
1. Land and structures	310	310	3. Bylaw-stipulated reserves	10,941	10,941
2. Plant and machinery	-	1,322	4. Reserve for retired capital	1,373	1,373
3. Other fixtures and furniture	3,655	1,898	5. Other reserves	498,832	426,730
4. Other items of property, plant and equipment	4,625	4,790	VI. PROFIT FOR THE YEAR	137,747	109,743
5. Accumulated depreciation	(4,412)	(4,902)	<b>B) DEFERRED INCOME</b>	<b>2</b>	<b>38</b>
IV. LONG-TERM INVESTMENTS (Note 7)	2,930,539	1,328,780	<b>C) PROVISIONS FOR CONTINGENCIES AND CHARGES (Note 13)</b>	<b>43,799</b>	<b>27,875</b>
1. Investments in Group companies	2,822,192	810,208	<b>D) NON-CURRENT LIABILITIES</b>	<b>1,630,313</b>	<b>427,314</b>
2. Investments in associates	48,661	506,703	I. PAYABLE TO GROUP COMPANIES AND ASSOCIATES (Note 14)	215,179	195,815
3. Long-term investment securities	31,828	31,818	II. BANK BORROWINGS (Note 15)	1,415,000	231,365
4. Deposits and guarantee	6	-	III. PAYABLE TO PUBLIC AUTHORITIES (Note 16)	134	134
5. Other receivables	293,209	195,921	<b>E) CURRENT LIABILITIES</b>	<b>806,713</b>	<b>366,918</b>
6. Allowances for investments in Group companies and associates	(265,357)	(215,870)	I. PAYABLE TO GROUP COMPANIES AND ASSOCIATES (Note 14)	177,177	99,155
V. TREASURY SHARES (Note 8)	38,881	32,766	II. BANK BORROWINGS (Note 15)	607,758	239,629
<b>B) DEFERRED CHARGES (Note 9)</b>	<b>12,254</b>	<b>2,238</b>	III. TRADE PAYABLES	5,207	4,345
<b>C) CURRENT ASSETS</b>	<b>324,755</b>	<b>180,331</b>	IV. OTHER NON-TRADE PAYABLES	16,571	23,789
I. ACCOUNTS RECEIVABLE	67,306	38,142	1. Payable to public authorities (Note 16)	804	606
1. Trade receivables for services	7,086	121	2. Other payables	15,767	23,183
2. Receivable from Group companies and associates (Note 10)	28,824	32,425	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,317,166</b>	<b>1,552,263</b>
3. Receivable from public authorities (Note 16)	30,980	4,729			
4. Other receivables	416	867			
II. SHORT-TERM INVESTMENTS (Note 11)	254,658	139,856			
III. CASH	2,068	103			
IV. PREPAYMENTS AND ACCRUED INCOME	723	2,230			
<b>TOTAL ASSETS</b>	<b>3,317,166</b>	<b>1,552,263</b>			

*The accompanying Notes 1 to 25 and Appendixes I, II and III are an integral part of the balance sheet at 31 December 2006.*

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.*

**PROMOTORA DE INFORMACIONES, S.A. (PRISA)**  
**INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2006 AND 2005**  
**(Thousands of Euros)**

DEBIT	2006	2005	CREDIT	2006	2005
<b>A) EXPENSES</b>			<b>B) INCOME</b>		
1. Staff costs:	<b>15,292</b>	<b>14,343</b>	1. Revenue:	<b>187,588</b>	<b>131,067</b>
a) Wages, salaries and similar costs	14,221	13,440	a) Services (Note 17)	16,750	14,895
b) Employee welfare costs	1,071	903	b) Revenue from equity investments (Note 17):	170,838	116,172
			Group companies	170,838	112,357
2. Depreciation and amortisation charge	<b>2,862</b>	<b>2,972</b>	Associates	-	3,815
3. Change in operating allowance	-	<b>12</b>	2. Capitalised expenses of in-house work on fixed assets	<b>487</b>	-
4. Other operating expenses:	<b>16,180</b>	<b>14,746</b>			
a) Outside services	16,139	14,605			
b) Taxes other than income tax	41	141			
<b>I. PROFIT FROM OPERATIONS</b>	<b>153,741</b>	<b>98,994</b>			
5. Finance and similar costs:	<b>59,530</b>	<b>15,918</b>	3. Other interest and similar income:	<b>9,452</b>	<b>9,281</b>
a) On debts to Group companies (Note 17)	5,789	4,151	a) From loans to Group companies and associates (Note 17)	5,896	7,387
b) On debts to third parties and similar expenses	53,741	11,767	b) Other finance income	3,556	1,894
			<b>II. FINANCIAL LOSS</b>	<b>50,078</b>	<b>6,637</b>
<b>III. PROFIT FROM ORDINARY ACTIVITIES</b>	<b>103,663</b>	<b>92,357</b>			
6. Change in investment valuation allowances (Notes 7 and 13)	<b>67,843</b>	<b>70,787</b>	4. Gains on fixed assets (Note 17)	<b>98</b>	<b>603</b>
7. Losses on fixed assets	<b>1</b>	<b>108</b>	5. Gains on treasury share transactions (Note 8)	<b>5,810</b>	<b>2,709</b>
8. Extraordinary expenses (Note 17)	<b>3,238</b>	<b>2,379</b>	6. Extraordinary income	<b>4,816</b>	-
			<b>IV. EXTRAORDINARY LOSS</b>	<b>60,358</b>	<b>69,962</b>
<b>V. PROFIT BEFORE TAX</b>	<b>43,305</b>	<b>22,395</b>			
9. Income tax (Note 16)	<b>(94,442)</b>	<b>(87,348)</b>			
<b>VI. PROFIT FOR THE YEAR</b>	<b>137,747</b>	<b>109,743</b>			

*The accompanying Notes 1 to 25 and Appendixes I, II and III are an integral part of the income statement for 2006.*

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.*

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

Notes to the Individual Financial Statements  
for 2006

*Translation of financial statements originally issued in Spanish and prepared in accordance with generally accepted accounting principles in Spain (see Notes 2 and 25). In the event of a discrepancy, the Spanish-language version prevails.*

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

### **NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS**

**FOR 2006**

#### **1.- COMPANY DESCRIPTION**

Promotora de Informaciones, S.A. (hereinafter, "Prisa") was incorporated on 18 January 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 activities carried on by the Company, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its net worth, financial position or results. Therefore, no specific disclosures relating to environmental issues are included in these notes to the financial statements.

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

##### **Fair presentation**

The financial statements, which were prepared from the Company's accounting records, are presented in accordance with the Spanish National Chart of Accounts and, accordingly, they present fairly the Company's equity, financial position and results of operations. The financial statements for 2006, which were authorised for issue by the 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 financial statements for 2005 were approved by the shareholders at the Annual General Meeting on 23 March 2006.

#### **3.- DISTRIBUTION OF PROFIT**

The distribution of the net profit for 2006 proposed by the Company's directors is as follows (in thousands of euros):



	<b>Amount</b>
<b>Distributable profit</b>	
Profit for the year	137,747
<b>Distribution:</b>	
Dividends	EUR 0.16 per share
Directors' remuneration	1,322
To voluntary reserves	Remainder

The dividend per share, disregarding the treasury shares of Promotora de Informaciones, S.A. but including the shares delivered on loan (*see Note 14*), will be EUR 0.16 per share. No interim dividend out of 2006 profit was approved.

#### **4.- Accounting policies**

The principal accounting policies used by the Company in preparing its financial statements for 2006 were as follows:

##### **a) Start-up expenses**

Start-up expenses, which comprise incorporation, pre-opening and capital increase expenses, are recorded at the costs incurred in respect of public deed and registration expenses, transfer tax and lawyers' fees.

Start-up expenses are amortised at an annual rate of 20%. EUR 722 thousand were charged to the accompanying income statement in this connection. These expenses had been fully amortised at 31 December 2006.

##### **b) Intangible assets**

"*Computer Software*" includes the amounts paid to develop specific in-house computer programmes and the amounts incurred in acquiring from third parties the licenses to use programmes. Computer software is amortised over a period ranging from four to six years, depending on the type of programme, from the date on which it is brought into service.

##### **c) Property, plant and equipment**

Property, plant and equipment acquired prior to 31 December 1996 is carried at cost, revalued pursuant to the applicable enabling legislation, the most recent being Royal Decree-Law 7/1996, of 7 June, on Asset Revaluation. Subsequent additions are stated at cost.

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

Period upkeep and maintenance expenses are charged to the income statement as incurred.

Property, plant and equipment is 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 Useful Life</b>
Buildings	50
Other fixtures and furniture	10
Other items of property, plant and equipment	4-10

#### **d) Long-term investments**

As the head of the Group, the Company prepares consolidated financial statements. The consolidated financial statements for 2006 were prepared pursuant to Final Provision Eleven of Law 62/2003, of 30 December, in accordance with International Financial Reporting Standards (IFRSs) as approved by the European Commission Regulations. The main aggregates of the PRISA Group's consolidated financial statements for 2006, prepared in accordance with IFRSs, are as follows:

	<b>Thousands of Euros</b>
Total assets	6,018,034
Equity	1,157,234
Profit for the year	228,909

The Company measures its investments in Group companies and associates and its long-term investment securities at the lower of acquisition cost or underlying carrying amount, adjusted by the amount of the goodwill disclosed at the time of the acquisition and still existing at the date of subsequent valuation in the Group's consolidated financial statements prepared in accordance with IFRSs, and records the related allowance, where appropriate. Accordingly, the measurement basis used is consistent with that used in the Group's consolidated financial statements.

Of the provisions recorded at 31 December 31 2006, EUR 15,924 thousand were recognised under "*Provisions for Contingencies and Charges*" (see Notes 4-h and 13).

The future profits of the companies will enable the recovery, where appropriate, of the acquisition costs paid in excess of the underlying carrying amounts of the investments in these companies.

#### **e) Treasury shares**

Treasury shares are measured at the lowest of the following values: acquisition cost, year-end market price, average market price in the last quarter or underlying carrying amount. An allowance is recorded for the difference between the acquisition cost of the treasury shares and the lowest of the three other values. This allowance is presented as a reduction of the acquisition cost under "*Treasury Shares*" in the accompanying balance sheet. At 31 December 2006 it was not necessary to record any allowance in this connection.

#### **f) Deferred charges**

"*Deferred Charges*" in the balance sheet includes the arrangement and origination fees relating to the financing instruments arranged by the Company (loans, credit facilities and bonds). These charges are taken to income on a straight-line basis over the term of the financing instruments to which they relate.

#### **g) Short-term investments**

Short-term non-trade loans are recognised at the amount delivered, plus the related accrued interest receivable at year-end.

The time deposits maturing at short term are valued at cost, plus the accrued interest receivable at the reporting date.

#### **h) Provisions for contingencies and charges**

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

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 whose net-worth equilibrium must be restored by their shareholders. The additions to this provision are recognised, with a charge to "*Change in Investment Valuation Allowances*" in the accompanying income statement, when the obligation giving rise to said provision arises. Excess provisions or the full provision are reversed when the risk is reduced or disappears (*see Notes 4-d and 13*).

#### **i) Termination benefits**

Under current labour legislation, the Company is required to pay termination benefits to employees terminated under certain conditions. The Company records the required provisions when the termination decision is made.

Company management does not envisage any terminations making it necessary to record a provision in this connection.

**j) Current/non-current classification**

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

**k) Income tax**

The income tax expense or revenue for the year was calculated by obtaining the gross tax payable by application of the tax rate to accounting profit before taxes, adjusted by the amount of any positive or negative permanent differences, including those arising from tax consolidation adjustments. Subsequently, the gross tax payable was reduced by the applicable tax relief and tax credits, excluding tax withholdings and prepayments.

The Company has availed itself of the special consolidated tax regime regulated by Title VII, Chapter VII of the Consolidated Spanish Corporation Tax Law approved by Legislative Royal Decree 4/2004, of 5 March, as the parent of consolidated tax group 2/91.

As a result of timing differences, the Company records deferred tax assets and deferred tax liabilities, as appropriate, for the difference between the income tax payable and the tax expense recognised. Deferred tax assets are recognised at the tax rates in force, pursuant to tax legislation, in the period when the assets are expected to be realised, provided that there is no reasonable doubt as to their recovery. Deferred tax liabilities are recognised in all cases, also using the tax rates in force in the years in which they are to be settled.

The Company, as the parent of the group, records the adjustments arising from the tax consolidation mechanism, and recognises the timing differences and records the related deferred tax asset resulting from the change in the investment valuation allowance relating to the Company's investments in entities included in the consolidated tax group, provided that the recovery of the provisions recorded can be expected.

In order to recognise the tax expense in the corresponding year, and since the Company's directors consider that there are no reasons to doubt that the consolidated tax group will recover the tax asset arising from the unused tax credits, the Company recognises the tax asset under "*Long-Term Investments – Other Receivables*" in the accompanying balance sheet.

### **l) Foreign currency transactions**

Foreign currency on hand and receivables and payables denominated in foreign currencies are translated to euros at the exchange rates ruling at the transaction date. Any resulting exchange differences are taken to income for the year.

At year-end, foreign currency on hand and receivables and payables in foreign currencies are translated to euros at the year-end exchange rates, and any resulting exchange losses are taken to income. Exchange gains on the same balances, if they are not offset against prior years' exchange losses, are recognised under "*Deferred Income*" in the balance sheet.

Exchange gains deferred in prior years and those arising in the current year are credited to income in the year in which the related accounts payable and receivable fall due, except when the result at maturity is guaranteed by means of hedging transactions, in which case they are taken to income in the current year.

### **m) Revenue and expense recognition**

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

However, in accordance with the accounting principle of prudence, the Company only recognises realised income at year-end, whereas foreseeable contingencies and losses, including possible losses, are recorded as soon as they become known.

### **n) Hedging instruments**

The Company takes out exchange rate (mainly currency forwards and options) and interest rate hedging contracts. At the reporting date the contracts in force were valued by comparing, for each contract on a case-by-case basis, the agreed-on price with the market value of each currency and the reference interest rate at that date.

At 31 December 2006, the Company had interest rate hedging contracts in force (*see Note 15*) and did not have any exchange rate hedging contracts. The theoretical value of the hedging contracts at 31 December 2006 did not disclose any losses for the Company that should be recognised in its accounting records.

### **o) Working capital**

In 2006 the Company's current liabilities exceeded its current assets, mainly as a result of the use, in December 2006, of the short-term syndicated bridge loan amounting to EUR 450,000 thousand (*see Note 15*). The Company's directors consider that the financing restructuring that will be performed in 2007 to adapt the financing structure to the new situation after all the projected acquisitions have been completed will enable this debt to be reclassified to non-current liabilities.

## 5.- INTANGIBLE ASSETS

The transactions recorded in 2006 in intangible asset accounts and the related accumulated amortisation are summarised as follows (in thousands of euros):

	Balance at 31/12/05	Additions	Disposals	Balance at 31/12/06
<b>Cost-</b>				
Concessions, patents and other	113	-	(53)	60
Computer software	5,562	111	(747)	4,926
Advances and intangible assets in progress	1,581	3,627	(4)	5,204
<b>Total cost</b>	<b>7,256</b>	<b>3,738</b>	<b>(804)</b>	<b>10,190</b>
<b>Accumulated amortisation-</b>				
Concessions, patents and other	(113)	-	53	(60)
Computer software	(3,135)	(1,197)	761	(3,571)
<b>Total accumulated amortisation</b>	<b>(3,248)</b>	<b>(1,197)</b>	<b>814</b>	<b>(3,631)</b>

The 2006 additions to “*Advances and Intangible Assets in Progress*” and “*Computer Software*” related mainly to the various projects which the Company is implementing under the Group’s IT Plan. As these projects in progress are completed they are transferred to “*Computer Software*”.

At 31 December 2006, the Company’s fully amortised intangible assets in use amounted to EUR 871 thousand.

## 6.- PROPERTY, PLANT AND EQUIPMENT

The transactions recorded in 2006 in property, plant and equipment accounts and the related accumulated depreciation are summarised as follows (in thousands of euros):

	Balance at 31/12/05	Additions	Transfers	Disposals	Balance at 31/12/06
<b>Cost-</b>					
Structures	310	-	-	-	310
Plant and machinery	1,322	-	(1,322)	-	-
Other fixtures and furniture	1,898	778	1,322	(343)	3,655
Other items of property, plant and equipment	4,790	945	-	(1,110)	4,625
<b>Total cost</b>	<b>8,320</b>	<b>1,723</b>	<b>-</b>	<b>(1,453)</b>	<b>8,590</b>
<b>Accumulated depreciation-</b>					
Structures	(36)	(7)	-	-	(43)
Plant and machinery	(737)	-	737	-	-
Other fixtures and furniture	(1,503)	(194)	(737)	343	(2,091)
Other items of property, plant and equipment	(2,626)	(742)	-	1,090	(2,278)
<b>Total accumulated depreciation</b>	<b>(4,902)</b>	<b>(943)</b>	<b>-</b>	<b>1,433</b>	<b>(4,412)</b>

The additions in 2006 relate basically to the improvements and refurbishments made to the Company's plant as well as to the investments in computer and communications equipment related to the projects being developed by the Company under its IT Plan.

As indicated in *Note 4-c* to these financial statements, the Company revalued its property, plant and equipment pursuant to Royal Decree-Law 7/1996, of 7 June. The net increase in value resulting from these revaluations is being depreciated over the remaining years of useful life of the revalued assets. The percentage of revalued assets and the effect on the depreciation charge are not significant in the accompanying balance sheet and income statement.

The Company's fully depreciated property, plant and equipment in use amounted to EUR 3,209 thousand at 31 December 2006.

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

## 7.- LONG-TERM INVESTMENTS

The transactions recorded in 2006 in long-term investment accounts are summarised as follows (in thousands of euros):

	Balance at 31/12/05	Additions	Transfers	Disposals	Balance at 31/12/06
<b>Cost</b>					
Investments in Group companies	810,208	1,540,201	471,803	(20)	2,822,192
Investments in associates	506,703	2,712	(460,754)	-	48,661
Long-term investment securities	31,818	10	-	-	31,828
Deposits and guarantees	-	6	-	-	6
Other receivables	195,921	127,423	(7,165)	(22,970)	293,209
<i>Loans to Group companies</i>	46,308	39,740	(3,390)	(2,450)	80,208
<i>Unused tax credits (Note 16)</i>	97,723	84,294	-	(522)	181,495
<i>Deferred tax assets (Note 16)</i>	44,340	3,367	-	(19,998)	27,709
<i>Other</i>	7,550	22	(3,775)	-	3,797
<b>Total cost</b>	<b>1,544,650</b>	<b>1,670,352</b>	<b>3,884</b>	<b>(22,990)</b>	<b>3,195,896</b>
<b>Allowances</b>					
Group companies	(121,483)	(61,475)	(55,253)	21,900	(216,311)
Associates	(93,907)	(9,384)	57,685	-	(45,606)
Long-term investment securities	(480)	(2,960)	-	-	(3,440)
<b>Total allowances</b>	<b>(215,870)</b>	<b>(73,819)</b>	<b>2,432</b>	<b>21,900</b>	<b>(265,357)</b>

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

### Investments in Group companies

On 2 November 2005, the Company submitted to the Spanish National Securities Market Commission (CNMV) a takeover bid for shares of Sogecable, S.A., which was approved by the CNMV on 23 January 2006. The takeover bid was targeted at 26,712,926 shares, representing 20% of the share capital of Sogecable, S.A. and was accepted by 86,644,652 shares, which represented 324.35% of the shares at which the offer was targeted. Since the number of shares accepting the offer exceeded the takeover limit, the allotment and pro rata rules established in Article 29 of Royal Decree 1197/1991, of 26 July, were applied and, as a result, a total number of 26,712,774 shares were allotted, representing 20% of the company's share capital. The consideration offered was EUR 37 per share, which were paid in full in cash. As a result of the takeover bid, Prisa's ownership interest in Sogecable rose to 44.5%, which enables it to appoint one-half of the Board members and to govern the financial and operating policies of the company. Accordingly, the Company classified its investment, which amounted to EUR 1,453,565 thousand at 31 December 2006, under "*Investments in Group Companies*". Of this amount, EUR 995,744 thousand related to payments made in 2006 as a result of the takeover bid, which were recognised as additions, and EUR 457,821 thousand related to transfers from "*Investments in Associates*" and "*Other Receivables - Other*".

Additionally, in 2006 Sogecable, S.A. carried out several capital increases to acquire shares through share exchanges and to cater for the share option plans. Since these capital increases were not subscribed by the other shareholders, Prisa's ownership interest in the capital of Sogecable, S.A. was reduced to 42.94% at 31 December 2006.



At 31 December 2006, the market value of the Sogecable, S.A. share was higher than its average unit cost per books.

The agreement between Prisa and Grupo Godó de Comunicación, S.A., whereby these groups concentrated their holdings in Sociedad Española de Radiodifusión, S.A. and Antena 3 de Radio, S.A., was completed in March 2006. This transaction was performed through a capital increase at Sociedad de Servicios Radiofónicos Unión Radio, S.L., which was carried out through the contribution to this company by Prisa of a 99.99% stake in Sociedad Española de Radiodifusión, S.A., a 48.95% stake in Inversiones Godó, S.A. and a 50.93% stake in Paltrivia, S.A. and the contribution by Grupo Godó de Comunicaciones, S.A. of a 51.05% holding in Inversiones Godó, S.A. and a 49.07% holding in Paltrivia, S.A. The two last-mentioned companies have a 99.42% controlling interest in Antena 3 de Radio, S.A. As a result of this transaction, the Company transferred the carrying amount of its investments in the contributed companies to its investment in Sociedad de Servicios Radiofónicos Unión Radio, S.L. Of these transfers, EUR 16,413 thousand were transferred from "*Investments in Associates*" and related to the 48.95% stake in Inversiones Godó, S.A. contributed by Prisa. After this transaction, the Company maintained its 80% ownership interest in Sociedad de Servicios Radiofónicos Unión Radio, S.L.

Within the framework of the agreement entered into on 8 November 2005, in 2005 Prisa acquired all the shares of Vertix SGPS, S.A. which, in turn, owns 33% of the share capital of Grupo Media Capital SGPS, S.A. As a consideration for the shares acquired, the Company made cash payments and delivered shares representing 24% of the share capital of Prisa División Internacional, S.L. In April 2006, in order to restructure its international business, Prisa re-purchased the 24% stake in the aforementioned company and recognised an addition of EUR 35,071 thousand. As a result of this acquisition, the Company became to own all the shares of Prisa División Internacional, S.L.

On 26 October 2006, Prisa, through its subsidiary Vertix, S.G.P.S, S.A., filed with the Portuguese Securities Market Commission (CMVM) the preliminary announcement of a voluntary takeover bid for all the share capital of the Media Capital, S.G.P.S., S.A. group at a price of EUR 7.40 per share. Since Vertix, S.G.P.S, S.A. then had a 33% ownership interest in the Portuguese company, the offer was targeted at the remaining 67%. In December 2006, Prisa increased capital at Vertix, S.G.P.S, S.A. by EUR 450,000 thousand to undertake a major project consisting of the globalisation and international expansion of its business model in the areas of communication, leisure and entertainment in Portuguese (*see Notes 15, 22 and 23*). The amount of this capital increase was recognised as additions in 2006.

In June 2006, Prisa División Internacional, S.L., a wholly-owned investee of Prisa, sold 20% of Grupo Latino de Radio, S.L., the head of the Group's international radio business, to Grupo Godó de Comunicación, S.A., and 66.76% to Prisa for EUR 55,194 thousand, thus increasing Prisa's total ownership interest in this company to 80%. Subsequently, Prisa and Grupo Godó de Comunicación, S.A. contributed, through a capital increase, all the shares of Grupo Latino de Radio, S.L. to Sociedad de Servicios Radiofónicos Unión Radio, S.L., which

following this transaction became the head of Prisa's radio business in Spain and abroad. As a result of this transaction, the Company transferred the carrying amount of its investment in the contributed company to its investment in Sociedad de Servicios Radiofónicos Unión Radio, S.L., in which it maintained an 80% ownership interest.

In 2006 Prisa decided to start the search for new shareholders for its printing business operated by the investees of Dédalo Grupo Gráfico, S.A., in which Prisa had a 40% ownership interest at 31 December 2006 through its wholly-owned investee Prisaprint, S.L. (see Note 23).

Additionally, in 2006 the Company made contributions to the share capital of the Group companies Prisacom, S.A. for EUR 2,717 thousand and Oficina del Autor, S.L. for EUR 115 thousand.

### **Investments in associates**

In July 2006, the Company carried out a EUR 12,417 thousand capital increase at Iberbanda, S.A., which was fully subscribed and paid, partly through cash contributions amounting to EUR 2,712 thousand, which were recognised as additions, and partly through the conversion of short-term loans totalling EUR 9,705 thousand, which were recognised as transfers. Also in July, the company carried out another capital increase which was fully subscribed by a telecommunications service operator which increased its holding to 51% and became the major shareholder. Prisa's ownership interest in Iberbanda, S.A. after these transactions stood at 21.69%.

Transfers also include the transfers to "*Investment in Group Companies*" of the investments in Sogecable amounting to EUR 454,046 thousand and in Inversiones Godó, S.A. amounting to EUR 16,413 thousand, as a result of the transactions described in the preceding section.

### **Long-term investment securities**

The balance of "*Long-Term Investment Securities*" relates in full to the 15.01% ownership interest in the share capital of Le Monde, S.A.

### **Other receivables**

#### *Loans to Group companies-*

This item includes the loans granted to Group companies, the detail being as follows:

Group Company	Type of Loan	Final Maturity	Balance at 31/12/05	Additions	Transfer to Short Term	Repayment	Balance at 31/12/06
Gran Vía Musical de Ediciones, S.L.	Participating	2015	30,708	-	(2,700)	-	28,008
Promotora de Emisoras de Televisión, S.A.	Participating	2008	6,250	19,600	-	-	25,850
Prisacom, S.A.	Participating	2006	2,450	-	-	(2,450)	-
Promotora de Emisoras, S.L.	Participating	2008	-	3,800	-	-	3,800
Plural Entertainment España, S.L.	Participating	2008	-	1,340	-	-	1,340
Santillana Ediciones Generales, S.L.	Financial	2010	6,900	-	(690)	-	6,210
Prisaprint, S.L. (see Note 23)	Financial	2011	-	15,000	-	-	15,000
<b>Total</b>			<b>46,308</b>	<b>39,740</b>	<b>(3,390)</b>	<b>(2,450)</b>	<b>80,208</b>

The participating loans earn floating participating interest which is dependent upon the borrowing company achieving certain annual revenue and/or results. The loan to Promotora de Emisoras de Televisión, S.L. additionally earns fixed interest tied to Euribor plus a market spread. The financial loans earned fixed interest tied to Euribor plus a market spread.

Transfers relate to the reclassification to "Short-Term Investments" (see Note 11) of the loan instalments which fall due in or before December 2007.

## 8.- TREASURY SHARES

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

	Number of Shares	Thousands of Euros
<b>Balance at 31/12/05</b>	<b>10,940,625</b>	<b>32,766</b>
Purchases	527,550	7,819
Sales	(508,712)	(1,641)
Deliveries	(18,838)	(63)
<b>Balance at 31/12/06</b>	<b>10,940,625</b>	<b>38,881</b>

At 31 December 2006, Promotora de Informaciones, S.A. held a total of 10,940,625 treasury shares, representing 5% of its share capital. The total cost of these shares was EUR 38,881 thousand, with a cost per share of EUR 3.55.

The transactions performed in 2006 involving treasury shares gave rise to gains amounting to EUR 5,810 thousand which are recognised under "Gains on Treasury Share Transactions" in the accompanying income statement for 2006.

The Company plans to cover the exchangeable bond issue launched in 2003 (see Note 14) with all the treasury shares held by it. Also, in the context of the above-mentioned issue, the Company held 6,042,400 shares on loan at 31 December 2006 (see Note 14).

## 9.- DEFERRED CHARGES

The transactions recorded under “*Deferred Charges*” in 2006 were as follows (in thousands of euros):

	Balance at 31/12/05	Additions	Reductions	Balance at 31/12/06
Exchangeable bond arrangement fees	2,238	-	(746)	1,492
Loan arrangement fees	-	11,740	(978)	10,762
<b>Total cost</b>	<b>2,238</b>	<b>11,740</b>	<b>(1,724)</b>	<b>12,254</b>

“*Exchangeable Bond Arrangement Fees*” relates to the expenses incurred as a result of the exchangeable bond issue that were borne by the Company by virtue of the agreement entered into on 19 December 2003 with Prisa Finance (Netherlands) B.V. (see Note 14).

“*Loan Arrangement Fees*” relates to the expenses incurred in respect of the arrangement and origination of the syndicated loans and credit facilities described in Note 15.

## 10.- ACCOUNTS RECEIVABLE

### Receivable from Group companies and associates

“*Receivable from Group Companies and Associates*” includes the accounts receivable from Group companies and associates for the provision of services, amounting to EUR 6,209 thousand, and the net balance receivable by the Company as a result of the settlement of the consolidated tax group’s income tax for 2006, amounting to EUR 22,615 thousand.

## 11.- SHORT-TERM INVESTMENTS

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 current accounts. The balances in this connection earn and bear interest for the Company at rates tied to Euribor plus a spread. At 31 December 2006, this item included EUR 217,338 thousand of balances and interest receivable from Group companies arising from the above-mentioned cash pooling.

This item also includes loans granted to Vertex, SGPS, S.A. and Inversiones en Radiodifusión, S.A., amounting to EUR 24,307 thousand and EUR 1,157 thousand,

respectively, the instalments falling due in 2007 of the loans to Group companies described in Note 7 and the accrued interest receivable on these loans.

## **12.- SHAREHOLDERS' EQUITY**

A detailed summary of the transactions recorded in equity accounts in 2006 is presented in *Appendix III* to these financial statements.

### **Share capital**

At 31 December 2006, the share capital of Promotora de Informaciones, S.A. was represented by 218,812,500 shares of EUR 0.1 par value each.

At 31 December 2006, the only shareholders of the Company with direct ownership interests of 10% or more in its share capital were Promotora de Publicaciones, S.L., with a holding of 44.535%, and Timón, S.A., with a holding of 18.479%.

### **Share premium**

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

### **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, and this amount is recorded under "*Revaluation Reserve 1983*". This reserve was unrestricted at 31 December 2006.

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

Under Royal Decree 2607/1996, of 20 December, approving the regulations for asset revaluations pursuant to Royal Decree-Law 7/1996, of 7 June, the surpluses arising from the revaluations must be charged to "*Revaluation Reserve Royal Decree-Law 7/1996*". The balance of this account is unrestricted since 31 December 2006.

#### *Legal reserve-*

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

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount.

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

*Reserve for treasury shares-*

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

*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. This reserve had reached this level at 31 December 2006.

### 13.- PROVISIONS FOR CONTINGENCIES AND CHARGES

The changes in 2006 in "*Provisions for Contingencies and Charges*" are summarised as follows:

	Balance at 31/12/05	Additions	Releases	Balance at 31/12/06
Provision for taxes	9,442	-	-	9,442
Provision for third-party liability	18,433	22,011	(6,087)	34,357
<b>Total</b>	<b>27,875</b>	<b>22,011</b>	<b>(6,087)</b>	<b>43,799</b>

"*Provision for Taxes*" relates to the estimated amount of the tax debts arising from the tax inspection carried out at the Company for the years open for review through 1996 (see Note 16).

The additions to "*Provision for Third-Party Liability*" relate to the increases in the provisions recorded to cover the negative net worth of Promotora de Emisora, S.L., Gran Vía Musical de Ediciones, S.A. and Inversiones en Radiodifusión, S.A. at 31 December 2006. The releases relate to the reversal of the provision recorded in 2005 to cover the negative net worth of Prisacom, S.A. and Iberbanda, S.A.

## 14.- PAYABLE TO GROUP COMPANIES AND ASSOCIATES

The main debts to Group companies and associates are classified as follows:

### Long-term payables to Group companies and associates

The detail of the transactions recorded under “*Non-Current Liabilities – Payable to Group Companies and Associates*” in 2006 is as follows (in thousands of euros):

	Balance at 31/12/05	Additions	Reductions	Balance at 31/12/06
Prisa Finance (Netherlands) B.V.	162,300	-	-	162,300
Investment tax credits	29,111	23,817	(4,453)	48,475
Other payables	4,404	-	-	4,404
<b>Total</b>	<b>195,815</b>	<b>23,817</b>	<b>(4,453)</b>	<b>215,179</b>

#### *Prisa Finance (Netherlands) B.V.-*

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

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

Also, the funds obtained from the bond issue, amounting to EUR 162,300 thousand, were transferred to the Company as a deposit, and the interest thereon was 1.75% of the principal, payable under the same terms and conditions as those established for the issue.

The Company plans, through its subsidiary, to cover the exchangeable bond issue with all the treasury shares held by it (*see Note 8*).

Furthermore, the Company made available to the lead managers of this transaction up to 9,846,562 treasury shares, in the form of a securities loan, in order to provide financing to the investors that required it. 6,042,400 shares were loaned at 31 December 2006. The loan earns five basis-point interest, payable monthly, calculated on the basis of the market value of the loaned shares. Also, the Company is entitled to receive from the lead managers of the transaction the full amount of any dividend paid on the loaned shares during the term of the loan.

*Investment tax credits-*

“*Investment Tax Credits*” includes the Company’s obligation to its subsidiaries arising from investment tax credits earned by Group companies in prior years that were not used in the tax group’s income tax settlement.

The changes in “*Investment Tax Credits*” include, on the one hand, (i) the adjustment made as a result of the filing of the 2005 income tax return, which gave rise to a reduction of EUR 4,453 thousand and an addition of EUR 3,499 thousand; and on the other, (ii) the tax credits earned by subsidiaries of the consolidated tax group in 2006 that were not used due to insufficient tax payable.

*Other payables-*

“*Other Payables*” includes EUR 4,404 thousand relating to the assessments issued by the tax authorities against Sociedad Española de Radiodifusión, S.A. for withholdings from income from movable capital. Promotora de Informaciones, S.A.’s entitlement to a refund has been recognised and the Company has undertaken to repay the amount involved if the appeals filed are ultimately not successful.

**Short-term payables to Group companies and associates**

At 31 December 2006, “*Current Liabilities – Payable to Group Companies and Associates*” included the payables to Group companies and associates as a result of the pooling of the cash balances of the Prisa Group companies, amounting to EUR 159,334 thousand (see Note 11), the net balance payable by the Company as a result of the consolidated tax group’s 2006 income tax settlement, amounting to EUR 16,802 thousand, and payables to Group companies and associates for services, amounting to EUR 1,041 thousand.

**15.- BANK BORROWINGS**

The detail of the bank borrowings at 31 December 2006 is as follows (in thousands of euros):

	<b>Maturity</b>	<b>Credit Limit</b>	<b>Drawn-down Amount Maturing at Short Term</b>	<b>Drawn-down Amount Maturing at Long Term</b>
Syndicated loan and credit facility	2013	1,600,000	67,774	1,415,000
Syndicated bridge loan	2007	450,000	450,000	-
Credit facilities	2007	150,000	89,984	-
<b>Total</b>		<b>2,200,000</b>	<b>607,758</b>	<b>1,415,000</b>



*Syndicated loan and credit facility-*

In May 2006 the Company entered into a syndicated financing agreement with a group of 40 banks for a maximum amount of EUR 1,600,000 thousand, consisting of a long-term loan amounting to EUR 1,300,000 thousand and a credit facility of EUR 300,000 thousand drawable throughout the term of the loan. The financing was used to refinance a portion of the debt then held by Prisa and its subsidiaries, excluding Sogecable, S.A., and to finance the Prisa Group's operating needs.

The credit facility has a single maturity at seven years, at which time the term of this financing expires, and the scheduled maturities of the loan are as follows:

	Thousands of Euros
2007	65,000
2008	100,000
2009	150,000
2010	200,000
2011	200,000
2012	250,000
2013	335,000
	<b>1,300,000</b>

The interest rate applicable to the syndicated loan and credit facility is Euribor plus a spread, which was initially set at 0.80%. However, the agreement provides for the adjustment of the spread to between 0.80% and 0.35% based on the achievement of certain financial ratios. In conformity with the financing agreement, the Company has arranged interest rate hedges which establish interest rate caps. The hedging contracts expire in September 2011 and the notional amount hedged is 60% of the syndicated loan balance outstanding at any given time.

Under the syndicated financing agreement, the Prisa Group, excluding Sogecable, S.A., is required to meet certain *general obligations*, including restrictions on the additional indebtedness to credit institutions other than that envisaged in the agreement, on the guarantees and financing provided to third parties, on the maximum investment amount for each year, on changes to the control, structure and shareholdings of the Company, on the maximum amount to be distributed as dividends, on the sale or disposal of significant assets and on the delivery of security interest or collateral on goods or assets. Additionally, the financing agreement establishes certain *financial obligations* consisting of the achievement of certain financial *debt-to-EBITDA* and *EBITDA-to-finance costs* ratios, which shall be calculated every six months over the financing term. The Company's directors consider that all the obligations inherent to this agreement were being met at the reporting date.

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

S.L., Grupo Santillana de Ediciones, S.L. and Sociedad de Servicios Radiofónicos Unión Radio, S.L.

*Syndicated bridge loan-*

In December 2006, the Company entered into a 3-month syndicated financing agreement with a group of seven banks for EUR 450,000 thousand, with interest tied to Euribor plus a spread of 0.30%.

Under this syndicated financing agreement, the Prisa Group (excluding Sogecable, S.A.) must meet basically the *general obligations* established for the syndicated loan and credit agreement described in the preceding section. The agreement also stipulates that the sole purpose of the loan is to provide Vertix, S.G.P.S., S.A with the own funds required to undertake the Prisa Group's expansion plan in Portugal, through the launch of the takeover bids for shares of the Media Capital, S.G.P.S., S.A. group. At 31 December 2006, the Company carried out a capital increase at Vertix, S.G.P.S., S.A. for the entire loan amount (*see Note 7*).

*Credit facilities-*

"*Credit Facilities*" includes the amounts drawn down against credit facilities used to finance the Prisa Group companies' operating needs in Spain (*see Notes 11 and 14*), which are channelled through the cash pooling. The total amount of bank borrowings maturing in 2007 includes the balances drawn down against certain credit facilities which, although they mature in more than one year, are extendable for one-year periods, as stipulated in the related agreements. Accordingly, these balances were classified under "*Current Liabilities – Bank Borrowings*" in the accompanying balance sheet at 31 December 2006. The interest rate applicable to these loans is Euribor plus a spread of between 0.25% and 0.35%.

## **16.- TAX MATTERS**

As indicated under "Accounting Policies", the Company files consolidated income tax returns under the consolidated tax regime regulated by the Consolidated 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 the accompanying Appendixes I and II.

### **Receivable from/payable to public authorities**

The detail of the balances with public authorities at 31 December 2006 is as follows (in thousands of euros):

	Receivable		Payable	
	Short Term	Long Term	Short Term	Long Term
Income tax receivable	30,065	-	-	-
Unused tax credits (Note 7)	-	181,495	-	-
Deferred tax assets (Note 7)	-	27,709	-	-
Deferred tax liabilities	-	-	(5)	(134)
VAT, personal income tax withholdings, accrued social security taxes and other	915	-	(799)	-
<b>Total</b>	<b>30,980</b>	<b>209,204</b>	<b>(804)</b>	<b>(134)</b>

### Income tax receivable

As the Parent of the aforementioned consolidated tax group, Promotora de Informaciones, S.A. recognises the Group's overall position to the tax authorities resulting from application of the consolidated tax regime, the detail being as follows:

	Amount
<b>Sum of individual taxable profits</b>	<b>279,566</b>
Consolidation adjustments	(243,731)
Offset of tax losses arising prior to inclusion in the group	(554)
<b>Consolidated taxable profit</b>	<b>35,281</b>
<b>Consolidated gross tax payable</b>	<b>12,348</b>
Double taxation tax credits	(4,134)
Tax relief	(47)
Investment tax credits used at PRISA	(1,148)
Investment tax credits used at other tax group companies	(4,707)
<b>Net tax payable</b>	<b>2,312</b>
Tax prepayments	(31,979)
Withholdings from tax group	(398)
<b>Income tax receivable</b>	<b>(30,065)</b>

The consolidated tax group's taxable profit amounted to EUR 35,281 thousand, after making the appropriate consolidation adjustments for a negative amount of EUR 243,731 thousand and after offsetting tax losses of EUR 554 thousand which arose at group companies before they were included in the consolidated tax group. The resulting income tax receivable from the tax authorities amounted to EUR 30,065 thousand at 31 December 2006 and is included under "Receivable from Public Authorities". This amount includes, in addition to the aforementioned tax credits used by the Company itself amounting to EUR 1,148 thousand (net of the dividend double taxation tax credits of tax group companies amounting to EUR 4,134 thousand), the tax relief and tax credits earned and taken in the year by the tax group companies amounting to EUR 4,754 thousand. The tax receivable is also net of the tax prepayments made during the year, amounting to EUR 31,979 thousand, and of the withholdings borne by the tax group in this period, totalling EUR 398 thousand.

## Unused tax credits

At 31 December 2006, the balance of the Company's long-term unused tax credit amounted to EUR 181,495 thousand and is recognised under "*Long-Term Investments - Other Receivables*" on the asset side of the balance sheet (see Note 7). This amount comprises mainly EUR 84,294 thousand of investment tax credits earned and not taken in 2006 and EUR 97,201 thousand of prior years' investment tax credits.

## Deferred tax assets and liabilities

As the parent of the tax group, the Company recognises the related tax expense or revenue taking into account the effect of the permanent and timing adjustments arising as a result of consolidation for tax purposes.

The timing differences recognised by the Company and the changes therein in 2006 were as follows (in thousands of euros):

	Deferred Tax Assets	Deferred Tax Liabilities
Balance at 31/12/05	44,340	(143)
Additions	3,367	(12)
Reductions	(19,998)	16
Balance at 31/12/06	27,709	(139)

### *Deferred tax assets-*

The additions to deferred tax assets include EUR 2,847 thousand relating to the adjustment of the 2005 income tax and EUR 520 thousand relating to provisions which were not deductible for tax purposes in 2006 but which will become deductible in the subsequent year, as a result of the different timing of recognition of the expense for accounting and tax purposes.

The reductions relate to the reversal of provisions to the investment valuation allowance of companies included in the consolidated tax group (EUR 9,729 thousand), to the adjustment of a portion of the balance (EUR 4,843 thousand) and to the impact of the change in the applicable income tax rate introduced by Law 35/2006 (EUR 5,426 thousand).

Deferred tax assets are recognised under "*Long-Term Investments - Other Receivables*" (see Note 7).

### *Deferred tax liabilities-*

The change in this balance relates to (i) an addition of EUR 12 thousand resulting from the application of accelerated depreciation on assets pursuant to Royal Decree Law 3/1993, and (ii) a reduction of EUR 16 thousand arising from the impact of the change in the applicable income tax rate introduced by Law 35/2006. Deferred tax liabilities are recognised under "*Non-Current Liabilities - Payable to Public Authorities*" and "*Current Liabilities - Payable to Public Authorities*" in the accompanying balance sheet.

## Reconciliation of the accounting profit to the taxable profit

The following table shows a reconciliation of the accounting profit for 2006 to the taxable profit used to calculate the income tax expense:

	Thousands of Euros
<b>Accounting profit for the year</b>	<b>137,747</b>
Income tax for 2006	(104,380)
Adjustment of prior years' income tax	4,528
Adjustment for effect of change in tax rate	5,410
Individual permanent adjustments	17,184
Permanent adjustments to consolidated tax group	(1,807)
<b>Taxable profit used to calculate the income tax expense</b>	<b>58,682</b>

Current income tax regulations provide for certain tax incentives. In calculating its income tax expense, the Company availed itself of the tax benefits envisaged in Articles 37 and 40 of the Consolidated Corporation Tax Law, which amounted to EUR 63,977 thousand (in respect of the Group's expansion plans in Portugal, as described in Note 7) and EUR 16 thousand, respectively. Of these amounts, EUR 63,977 thousand had not been taken and were recognised under "*Long-Term Investments - Other Receivables*" on the asset side of the balance sheet (see Note 7).

The Company availed itself of the tax credit envisaged in Article 20 of Law 49/2002, of 23 December, on the Tax Regime of Non-Profit-Making Entities and Patronage Tax Incentives, amounting to EUR 1,132 thousand, and took EUR 59,793 thousand of dividend double taxation tax credits arising in 2006.

In 2003, 2004 and 2005 the Company availed itself of the tax credit for the reinvestment of extraordinary income envisaged in Article 42 of the Spanish Corporation Tax Law, and applied the reinvestment tax credit to income amounting to EUR 10,204 thousand, EUR 77 thousand and EUR 434 thousand, respectively, having fulfilled, in the year in which the income was obtained, the obligation to reinvest the sale price in the acquisition of financial assets, according to the terms established by this Law.

## Restructuring transactions

In order to meet the disclosure requirements provided for by Article 93 of the Corporation Tax Law relating to the restructuring transactions described in Note 7 to these financial statements, the following table includes the carrying amounts of the shares delivered and the carrying amounts of the shares received in exchange:

March 2006 Transaction	Thousands of Euros
<b>Carrying amount of shares delivered:</b>	<b>42,413</b>
Paltreiva, S.A.	7,285
Inversiones Godo, S.A.	16,413
Sociedad Española de Radiodifusión, S.A.	18,715
<b>Carrying amount of shares received:</b>	<b>42,413</b>
Sociedad de Servicios Radiofónicos Unión Radio, S.L.	
June 2006 Transactions	Thousands of Euros
<b>Carrying amount of shares delivered:</b>	<b>69,276</b>
Investment in Grupo Latino de Radio, S.L.	71,707
Provision at Grupo Latino de Radio, S.L.	(2,431)
<b>Carrying amount of shares received:</b>	<b>69,276</b>
Sociedad de Servicios Radiofónicos Unión Radio, S.L.	

### Years open for review by the tax authorities

In 2006, as a result of various favourable judgments issued by the National Appellate Court in connection with the calculation of the late-payment interest arising from the execution of court decisions relating to the tax audit of corporation tax for 1986 and 1987, the tax authorities refunded EUR 1,526 thousand in respect of tax paid incorrectly.

In 1999 the tax authorities audited the years open for review through 1996 of the Company and its consolidated tax group, and issued tax assessments against the Company relating to personal income tax withholdings and prepayments, VAT, the single revaluation tax and, as the head of the tax group, corporation tax. The amount in litigation at 2006 year-end totalled EUR 7,648 thousand (of which EUR 7,519 thousand related to consolidated corporation tax and the remainder to personal income tax withholdings and prepayments). Since the Company does not concur with the criteria applied by the tax authorities, it has filed appeals at the appropriate instances against virtually all the tax assessments issued. No decision has yet been handed down by the National Appellate Court in connection with the settlements relating to corporation tax for 1993 to 1996 and no decision has yet been rendered by the Supreme Court in connection with the income tax settlement for 1992. Guarantees have been provided for the total amount of the assessments, the execution of which was therefore stayed. However, in accordance with the principle of prudence in valuation, the Company has recorded a provision of EUR 9,442 thousand (*see Note 13*) to cover any payments that it might have to make in this connection in the future. At the date on which these financial statements were authorised for issue, the Company had paid the debt relating to the single revaluation tax, amounting to EUR 3 thousand, since the National Appellate Court dismissed the appeal.

In 2006 the tax authorities completed their audit of consolidated corporation tax for 1999, 2000, 2001 and 2002 and of VAT, personal income tax withholdings and prepayments (employees and professionals), tax on property income, tax on income from movable capital and non-resident income tax for the period from June 2000 to May 2004. The decisions handed down on the appeals filed against the decisions upholding the final tax assessments issued for corporation tax (which partially upheld the submissions) include settlements amounting to EUR 34,867 thousand. Appeals have been filed at the Central Economic-Administrative Tribunal against these decisions. Payment of this amount was stayed and the related guarantee was provided (*see Note 22*). The Company's directors consider that no material contingent liabilities will arise in this connection.

The Company has 2003, 2004 and 2005 open for review for corporation tax and from June 2004 for the other central government taxes. Additionally, the Company has open for review the last four years for all non-central government taxes. The directors do not expect any additional material liabilities to arise in the event of any future tax audit.

## 17.- INCOME AND EXPENSES

### Transactions with Group companies and associates

The transactions performed in 2006 were as follows (in thousands of euros):

	Income			Expenses	
	Services Rendered	Finance Income	Dividends	Services Received	Finance Costs
Group companies	15,177	5,849	170,838	3,048	5,789
Associates	1,443	47	-	5	-
<b>Total</b>	<b>16,620</b>	<b>5,896</b>	<b>170,838</b>	<b>3,053</b>	<b>5,789</b>

The detail of the dividend income earned by the Company in 2006 relating to dividends of Group companies is as follows:

	<b>Thousands of Euros</b>
Diario El País, S.L.	116,632
Sociedad de Servicios Radiofónicos Unión Radio, S.L.	24,991
Grupo Santillana de Ediciones, S.L.	10,000
Prisa División Inmobiliaria, S.L.	7,967
Gerencia de Medios, S.A.	5,335
Grupo Empresarial de Medios Impresos, S.L.	4,500
Redprensa, S.A.	1,413
<b>Total</b>	<b>170,838</b>

The income from services provided to third parties relate basically to central corporate services.

### **Fees paid to auditors**

The fees for financial audit services provided to the various companies composing the Prisa Group and subsidiaries by the principal auditor and by other entities related to the auditor amounted to EUR 1,660 thousand in 2006, of which EUR 106 thousand related to services provided to Sociedad Promotora de Informaciones, S.A. Also, the fees charged in this connection by other auditors participating in the audit of the various Group companies totalled EUR 337 thousand.

In addition, the fees for other professional services provided to the various Group companies by the principal auditor and by other entities related to the auditor amounted to EUR 401 thousand in 2006, of which EUR 38 thousand related to services provided to Promotora de Informaciones, S.A., while the fees paid in this connection to other auditors participating in the audit of the various Group companies amounted to EUR 63 thousand. Promotora de Informaciones, S.A. did not receive any services of this kind.

### **Extraordinary income**

*“Extraordinary Income”* relates to the income recognised as a result of the arbitral award rendered on 20 October 2006 by the International Court of Arbitration of the International Chamber of Commerce ordering Tiscali, S.P.A. to pay the principal amount plus the related interest, and substantially all the arbitration costs, claimed by Prisa as a result of breach by Tiscali, S.P.A. of an advertising expenditure agreement entered into on 31 July 2001 for the sale of the shares of Inicia Comunicaciones, S.A.

### **Extraordinary expenses**

*“Extraordinary Expenses”* relate to donations made to foundations and other entities.



## 18.- HEADCOUNT

The average number of employees in 2006 was 117, of which 115 had permanent contracts and 2 had temporary contracts.

## 19.- DIRECTORS' REMUNERATION AND OTHER BENEFITS

In 2006 the Company paid the following amounts in respect of remuneration earned by the Board members:

	Thousands of Euros
Wages and salaries	3,539
Directors' fees	1,322
Attendance fees	858
<b>Total</b>	<b>5,719</b>

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

The Board members were granted 185,000 options under the 2004 share option plan, as discussed in Note 20 to the financial statements.

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

Owner	Investee	Percentage of Ownership (%)	Functions
Jesús de Polanco Gutiérrez	Sogecable, S.A.	42.936 (*)	-
	Le Monde, S.A.	-	Director

<b>Owner</b>	<b>Investee</b>	<b>Percentage of Ownership (%)</b>	<b>Functions</b>
<b>Juan Luis Cebrían Echarri</b>	Sogecable, S.A.	0.002	Deputy Chairman
	Grupo Media Capital, SGPS, S.A.	-	Director
	Cadena Radiodifusora Mexicana, S.A. de C.V.	-	"
	Radio Comerciales, S.A. de C.V.	-	"
	Radio Melodía, S.A. de C.V.	-	"
	Radio Televisora de Mexicali, S.A. de C.V.	-	"
	Radio Tapatia, S.A. de C.V.	-	"
	Xezz, S.A de C.V	-	"
	Le Monde, S.A.	-	"
Le Monde Europe, S.A.	-	Representative of the member of the Management Committee, Promotora de Informaciones, S.A.	
<b>Ignacio Polanco Moreno</b>	Sogecable, S.A.	0.014	Director
	Cadena Radiodifusora Mexicana, S.A. de C.V.	-	"
	Radio Comerciales, S.A. de C.V.	-	"
	Radio Melodía, S.A. de C.V.	-	"
	Radio Televisora de Mexicali, S.A. de C.V.	-	"
	Radio Tapatia, S.A. de C.V.	-	"
	Sistema Radiópolis, S.A. de C.V.	-	"
	Xezz, S.A. de C.V.	-	"
<b>Francisco Javier Díez de Polanco</b>	Canal Club de Distribución de Ocio y Cultura, S.A.	-	Director
	Compañía Independiente de Televisión, S.L	-	Chairman and CEO
	Canal Satélite Digital, S.L.	-	"
	DTS Distribuidora de Televisión Digital, S.A.	-	"
	Sociedad General de Cine, S.A.	-	"
	Sogepaq, S.A.	-	"
	Sogecable, S.A.	0.043	CEO
	Audiovisual Sport, S.L.	-	Chairman (in representation of Sogecable, S.A.)
	Cinemanía, S.L.	-	"
	Compañía Independiente de Noticias de Televisión, S.L.	-	Chairman (in representation of Compañía Independiente de Televisión, S.L.)
	Sogecable Editorial, S.L	-	Chairman and CEO (in representation of Sogecable, S.A.)
Sogecable Media, S.L.	-	"	
<b>Diego Hidalgo Schnur</b>	Sogecable, S.A.	0.000	Director
<b>Gregorio Marañón y Bertrán de Lis</b>	Sogecable, S.A.	-	Director
	Universal Music Spain, S.L.	-	Chairman
<b>Emiliano Martínez Rodríguez</b>	Sogecable, S.A.	0.011	-
<b>Agnès Noguera Borel</b>	Sogecable, S.A.	0.000	Director
<b>Borja Jesús Pérez Arauna</b>	Sogecable, S.A.	0.005	-

Owner	Investee	Percentage of Ownership (%)	Functions
Francisco Pérez González	Sogecable, S.A.	-	Director
Isabel Polanco Moreno	Sogecable, S.A.	0.000	-
Manuel Polanco Moreno	Productora de Televisión de Almería, S.A.	-	Deputy Chairman
	Grupo Media Capital SGPS, S.A.	-	CEO
	Sogecable, S.A.	-	Director
Juan Salvat Dalmau	Sogecable, S.A.	0.012	-
Jesús de la Serna y Gutiérrez- Répide	Sogecable, S.A.	0.000	-
Adolfo Valero Cascante	Sogecable, S.A.	0.011	-
Manuel Varela Uña	Sogecable, S.A.	0.008	-

(\*) The reported holding of Jesús de Polanco Gutiérrez in Sogecable, S.A. relates to the ownership interest held by Promotora de Informaciones, S.A.

This list does not include the Prisa Group companies in conformity with Article 42 of the Commercial Code. However, it is hereby stated that the following directors of Promotora de Informaciones, S.A. are part of the managing body of certain Prisa Group companies, as disclosed in the Company's Annual Corporate Governance Report: Jesús de Polanco Gutiérrez, Juan Luis Cebrián Echarri, Ignacio Polanco Moreno, Francisco Javier Díez de Polanco, Emiliano Martínez Rodríguez, Isabel Polanco Moreno, Manuel Polanco Moreno, Juan Salvat Dalmau, Gregorio Marañón y Bertrán de Lis, Diego Hidalgo Schnur, Ramón Mendoza Solano, Agnés Noguera Borel, Borja Pérez Arauna, Francisco Pérez González, Adolfo Valero Cascante and Manuel Varela Uña.

Also, in accordance with the above-mentioned Law, it is hereby stated that there is no record that any of the Board members have performed in 2006, or are currently performing, as independent professionals or as employees, any activities that are identical, similar or complementary to the activity that constitutes the company object of Prisa.

## 20.- SHARE OPTION PLAN

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

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

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

The options may be exercised from 31 July 2007 through 31 January 2008.

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

The options outstanding at 31 December 2006 amounted to 1,543,000 and affect 266 beneficiaries.

## **21.- LEGAL MATTERS**

With respect to the economic concentration plan between Sociedad Española de Radiodifusión, S.A. and Antena 3 de Radio, S.A., which was notified to the Spanish Competition Authority in September 2005, it is hereby stated that the plan was authorised by a Resolution of the Council of Ministers dated 27 January 2006 and by a Resolution of the State Department of Telecommunications and the Information Society dated 24 March 2006. The authorisation was granted on the condition that the resulting company disposes of five radio stations. The sale process is currently underway.

The contribution to Servicios Radiofónicos Unión Radio, S.L. ("Unión Radio") by the Prisa and Godó groups of their ownership interests in Sociedad Española de Radiodifusión, S.A. and Antena 3 de Radio, S.A., through the subscription to a capital increase approved by the shareholders at the Annual General Meeting of Unión Radio, was formalised in a public deed executed on 28 March 2006. As a result of the capital increase, Unión Radio became the direct owner of 99.99% of Sociedad Española de Radiodifusión, S.A. and the indirect owner of 99.419% of Antena 3 de Radio, S.A.

In connection with the enforcement process of the Spanish Supreme Court's decision of 9 June 2000, which held that the Council of Ministers Resolution dated 20 May 1994, authorising the economic concentration of Sociedad Española de Radiodifusión, S.A., Antena 3 de Radio, S.A. and Sociedad de Servicios Radiofónicos Unión Radio, S.L. was unlawful, the situation has not changed substantially in 2006, although Unión Radio, in view of the new concentration transaction already performed, has applied to have the case discontinued due to the subject-matter of the dispute no longer existing. A decision has yet to be handed down by the Supreme Court in this connection.

The Company has ownership interests through Promotora de Emisoras de Televisión, S.A. in the share capital of various local television operators. Law 62/2003, of 30 December, on Tax, Administrative, Labour and Social Security Measures introduced further amendments to the television legal system in order to permit the simultaneous holding of material ownership interests (of more than 5%) in national, regional (autonomous community) and local television license-holder companies. However, the Law also establishes certain restrictions regarding population coverage. Within this framework, Promotora de Emisoras de Televisión, S.A. intends to implement its plan to establish a presence in the local and regional television industry by submitting bids in tenders called for the awarding of licenses. Accordingly, as a result of the approval of the Local Digital Television Technical Plan by Royal Decree 439/2004, of 12 March, amended by Royal Decree 2268/2004, of 3 December, autonomous community governments have issued, with some exceptions, invitations to

tenders for the indirect management of local and regional digital television services; accordingly, the regularisation of the industry is at an advanced stage. In 2005 and 2006, through its various subsidiaries, Promotora de Emisoras de Televisión, S.A. participated in tenders held by the Autonomous Communities of Madrid, Valencia, Galicia, Murcia, Asturias, Cataluña, Aragón, Balearic Islands, Cantabria, Andalusia and Extremadura. In Madrid, Murcia and Valencia, except for a concession in Onteniente, the company was not the successful bidder of any of the concessions and filed the related appeals. In the Balearic Islands, Promotora de Emisoras de Televisión, S.A. was awarded a regional concession through Televisión Digital de Baleares, S.A., a company in which it has a minority ownership interest. In Asturias the company was recently the successful bidder, through Productora Asturiana de Televisión, S.A., of a regional concession. As far as local concessions are concerned, Promotora de Emisoras de Televisión, S.A., through its subsidiaries, was awarded several concessions in Galicia, Cataluña and Aragón, with sufficient territorial coverage to provide the television service to most of the population of the respective autonomous communities.

The Andalusia, Extremadura, Cantabria, Canary Islands and Basque Country tenders have not yet been awarded. No invitations to tenders have yet been issued in Castilla-La Mancha and Castilla y León.

As part of the plan to obtain concessions, management of the Promotora de Emisoras de Televisión, S.A. Group prepared a long-term business plan, currently up-to-date, which took into consideration, inter alia, the Group's future strategy, the fulfilment of legal requirements and the Group's experience in other local media-related businesses. The main conclusion of this business plan, which was prepared using a conservative approach, is that the Group will obtain profits in the medium term, despite the significant losses incurred in 2005 and 2006, which will enable it to realise its assets and to settle its liabilities at their carrying amounts.

## **22.- GUARANTEE COMMITMENTS TO THIRD PARTIES**

Within the scope of the takeover bid for the Media Capital, S.G.P.S. group, in December 2006 Prisa signed a counter-guarantee agreement for EUR 419,016 thousand with Vertix, S.G.P.S., S.A. and with a bank. The purpose of the counter-guarantee provided to the bank, in which the Company acts as a guarantor, is to secure compliance by Vertix, S.G.P.S., S.A. with its obligation to deposit a guarantee for the aforementioned amount with the Portuguese Securities Market Commission (CMVM) to meet any payment obligations to the shareholders of the Media Capital, S.G.P.S., S.A. group that accept the offer (*see Notes 7 and 23*).

Additionally, the Company acts as guarantor for bank loans and credit facilities granted to Promotora de Emisoras de Televisión, S.A and Iberbanda, S.A for a maximum amount of EUR 22,500 thousand and EUR 23,494 thousand, respectively, and to WSUA Broadcasting Corp. for USD 6,800 thousand.

In order for the LMDS license to be awarded to the investee Iberbanda, S.A., Prisa provided a guarantee for the amount of the investment commitment assumed by this company, in

proportion to its percentage of ownership and based on the terms and conditions in the tender specifications. At 31 December 2006, the guarantees provided in this connection totalled EUR 1,222 thousand.

At 31 December 2006, the Company had provided bank guarantees amounting to EUR 51,028 thousand mainly in relation to the tax assessments issued by the tax authorities that were signed on a contested basis (*see Note 16*). The Company's directors consider that the guarantees for claims would in no case have a significant effect on the accompanying income statements.

Lastly, on 23 December 2003, Dédalo Grupo Gráfico, S.L. and a group of banks entered into a syndicated loan and credit agreement for a maximum amount of EUR 125,000 thousand tied to Euribor, whose partial objective was to refinance the debts of the investees. The agreement was renewed on 10 May 2006. The outstanding balance was EUR 85,833 thousand at 31 December 2006. The aforementioned syndicated loan and credit agreement was also subscribed by Mateu Cromo Artes Gráficas, S.A., Dédalo Altamira, S.A., Mateu Liber, S.L., Macrolibros, S.A., Distribuciones Aliadas, S.A., Norprensa, S.A., Bidasoa Press, S.L., Dédalo Heliocolor, S.L. and Gráficas Integradas, S.A., subsidiaries of Dédalo Grupo Gráfico, S.L. which acted as guarantors. The pledge on the collection rights arising from the material contracts of these companies and the mortgage on certain assets were also provided as guarantees. Additionally, Prisa provided a EUR 15,000 thousand guarantee to the banks to secure compliance with the payment obligations assumed by Dédalo Grupo Gráfico, S.L. under the agreement.

### **23.- EVENTS AFTER THE BALANCE SHEET DATE**

On 22 January 2007, the Portuguese Securities Market Commission (CMVM) authorised the registration of the takeover bid for Media Capital, S.G.P.S., S.A. (*see Note 7*). On that date, Vertix, S.G.P.S, S.A., a wholly-owned subsidiary of Prisa, deposited with the CMVM the related guarantee amounting to EUR 419,016 thousand (*see Note 22*).

The acceptance period ended on 5 February 2007 and the offer was accepted by 34,398,555 shares, representing 40.70% of the company's share capital. The consideration was EUR 7.40 per share and was fully paid in cash. As a result of the takeover bid, Prisa's indirect ownership interest in Media Capital, S.G.P.S., S.A. stood at 73.70%.

On 6 February 2007, Prisa, through its subsidiary Vertix, S.G.P.S, S.A., filed with the Portuguese CMVM the preliminary announcement of a mandatory takeover bid for all the share capital of the Media Capital, S.G.P.S., S.A. group. This mandatory takeover bid arose from the results of the voluntary takeover bid described in the preceding paragraph, following which Prisa became to own an indirect 73.70% holding in the company.

Consequently, the new bid is targeted at the remaining 26.30% of Media Capital, S.G.P.S., S.A. Also on that date, in conformity with the applicable Portuguese legislation, Vertix, S.G.P.S, S.A. requested the Portuguese CMVM to appoint an independent auditor in order to determine the unit price per share in the mandatory takeover bid.

Simultaneously, Vertix, S.G.P.S, S.A. filed with the Portuguese CMVM the preliminary announcement of a mandatory takeover bid for all the share capital of TVI-Televisao Independiente, S.A. (TVI), an indirectly 99.88%-owned investee of Media Capital, S.G.P.S., S.A. Consequently, the offer is targeted at the holders of shares representing 0.12% of TVI's share capital. The offered price per share is EUR 6.85.

In 2006 Prisa decided to start the search for new shareholders for its printing business carried on by the investees of Dédalo Grupo Gráfico, S.L., in which Prisa had an indirect 40% ownership interest at 31 December 2006. Based on the offers received from third parties and on the current state of the negotiations underway with some of them, the directors consider that the disposal value of the printing business, net of the related costs to sell, does not differ materially from the investment amount recognised by Prisa in its financial statements at 31 December 2006.

Also, in 2006 Prisa signed an agreement with the shareholders of Dédalo Grupo Gráfico, S.L. whereby Prisa is empowered to convert into equity, through its wholly-owned subsidiary Prisaprint, S.L., loans amounting to EUR 15,000 thousand before 2 April 2007 (*see Note 7*). This transaction would increase Prisa's indirect holding in Dédalo Grupo Gráfico, S.L. to 60.71%. This power had not been exercised at the reporting date.

## **24.- STATEMENTS OF CHANGES IN FINANCIAL POSITION**

Following are the statements of changes in financial position of Promotora de Informaciones, S.A. for 2006 and 2005 (in thousands of euros):

## Statements of changes in financial position for 2006 and 2005

(Thousands of Euros)

APPLICATION OF FUNDS	2006	2005	SOURCE OF FUNDS	2006	2005
1. ADDITIONS TO:			1. FUNDS OBTAINED FROM OPERATIONS	210,044	182,458
Intangible assets	3,738	2,204	Profit for the year	137,747	109,743
Property, plant and equipment	1,723	699	Depreciation and amortisation charge	2,862	2,972
Long-term investments			Deferred charges taken to income	1,724	745
Group companies	1,540,201	322,281	Change in investment valuation allowances		
Associates	2,712	99,947	Additions to investment valuation allowances	73,819	56,148
Other investments	127,439	117,667	Additions to provisions for contingencies and charges	22,011	16,685
2. TREASURY SHARES			Amount used of investment valuation allowances	(21,900)	-
Acquisition of treasury shares	7,819	3,716	Amount used of provisions for contingencies and charges	(6,087)	(2,046)
3. DIVIDENDS PAID	30,204	25,688	Gains on fixed assets	(97)	(603)
4. DIRECTORS' REMUNERATION	1,322	1,382	Losses on fixed assets	1	108
5. REPAYMENT OR TRANSFER TO SHORT TERM OF LONG-TERM DEBT	300,819	79,003	Deferred income taken to income	(36)	(1,294)
6. INCREASE IN DEFERRED CHARGES	11,740	-	2. TREASURY SHARES		
7. TRANSFER TO LONG-TERM INVESTMENTS OF SHORT-TERM LOANS	9,706	3,400	Delivery of treasury shares	63	73
			Disposal of treasury shares	1,641	583
			3. INCREASE IN LONG-TERM DEBT	1,503,818	99,953
			4. DISPOSAL OF:		
			Intangible assets	5	1,140
			Property, plant and equipment	4	5,730
			Long-term investments		
			Group companies and associates	117	35,071
			Other investments	22,970	57,524
			5. TRANSFER TO SHORT TERM OF NON-CURRENT ASSETS	3,390	3,255
<b>TOTAL FUNDS APPLIED</b>	<b>2,037,423</b>	<b>655,987</b>	<b>TOTAL FUNDS OBTAINED</b>	<b>1,742,052</b>	<b>385,787</b>
<b>CHANGE IN WORKING CAPITAL (Increase)</b>	<b>-</b>	<b>-</b>	<b>CHANGE IN WORKING CAPITAL (Decrease)</b>	<b>295,371</b>	<b>270,200</b>



**Change in working capital in 2006 and 2005**  
(Thousands of Euros)

	INCREASE		DECREASE	
	2006	2005	2006	2005
Accounts receivable	29,164	-	-	9,252
Accounts payable	-	131,257	439,795	-
Short-term investments	114,802	-		393,699
Cash	1,965	-		232
Prepayments and accrued income	-	1,726	1,507	-
<b>Total</b>	145,931	132,983	441,302	403,183
<b>CHANGE IN WORKING CAPITAL</b>	-	-	295,371	270,200

## **25.- 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

GROUP COMPANIES									
INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	31/12/06 (Thousands of Euros)						
			CARRYING AMOUNT	OWNERSHIP INTEREST	SHARE CAPITAL	RESERVES	INTERIM DIVIDEND	PROFIT/(LOSS)	TAX GROUP
Diario El País, S.L.	Miguel Yuste, 40 - Madrid	Publication and operation of "El País" newspaper	18,030	99.99%	18,000	16,743	(40,000)	74,911	Yes
Diario El País México, S.A de C.V. (*)	Avda. de la Universidad, 767 - México D.F.	Operation of "El País" newspaper in Mexico	837	22.09%	1,746	156	-	(929)	
Gerencia de Medios, S.A. (*)	Gran Vía, 32 - Madrid	Contracting of advertising exclusives	41,505	99.99%	800	2,083	-	5,054	Yes
Gran Vía Musical de Ediciones, S.L. (*)	Gran Vía, 32 - Madrid	Provision of musical services	(13,058)	99.99%	3,000	(11,640)	-	(4,823)	Yes
Grupo Empresarial de Medios Impresos, S.L.	Gran Vía, 32 - Madrid	Ownership of shareholdings in publishing companies	49,555	100.00%	875	39,813	-	7,521	Yes
Grupo Santillana de Ediciones, S.L.	Torrelaguna, 60 - Madrid	Publishing	87,766	100.00%	12,018	47,000	-	20,001	Yes
Inversiones Grupo Multimedia de Comunicaciones, S.A. (*)	Federico Zuazo, 1598 - La Paz, Bolivia	Holding company	3,483	23.05%	14,515	(7,074)	-	1,613	
Oficina del Autor, S.A. (*)	Gran Vía, 32 - Madrid	Management of publishing rights and representation of authors	235	99.99%	1,200	-	-	(366)	Yes
Plural Entertainment España, S.L. (*)	Gran Vía, 32 - Madrid	Production and distribution of audiovisual content	4,159	99.99%	3,000	(2,360)	-	(544)	Yes
Prisa División Inmobiliaria, S.L. (*)	Gran Vía, 32 - Madrid	Rental of commercial and industrial premises	71,912	99.99%	9,000	65,785	(7,260)	11,824	Yes
Prisa División Internacional, S.L. (*)	Gran Vía, 32 - Madrid	Ownership of foreign shareholdings	152,380	99.99%	10,000	127,022	-	15,358	Yes
Prisa Finance (Netherlands) BV	Gran Vía, 32 - Madrid	Ownership of shareholdings in and financing of companies	18	100.00%	18	-	-	-	
Prisacom, S.A. (*)	Gran Vía, 32 - Madrid	Internet service provider	2,202	99.99%	1,918	-	-	211	Yes
Prisaprint, S.L. (*)	Gran Vía, 32 - Madrid	Management of printing companies	31,142	99.99%	3,000	31,562	-	(3,420)	Yes
Promotora de Emisoras, S.L.	Gran Vía, 32 - Madrid	Radio broadcasting service	(21,144)	99.99%	2,500	-4,630	-	(19,016)	Yes
Redprensa, S.L.U.	Gran Vía, 32 - Madrid	Holding company	150	100.00%	150	3,420	-	1,973	Yes
S. S. R. Unión Radio, S.L.	Gran Vía, 32 - Madrid	Provision of services to radio broadcasting businesses	117,571	80.00%	2,000	148,184	(31,239)	31,938	Yes
Sogetable, S.A.	Avda. de los Artesanos, 6 - Tres Cantos - Madrid	Operation of television businesses	1,335,801	42.94%	276,865	205,284	-	(216,029)	
Vertex, SGPS, S.A	Rua de las Amoreiras, 107 - Lisboa, Portugal	Holding company	689,131	100.00%	450,051	43,274	-	(863)	
Other holdings	-	-	4	-	-	-	-	-	
<b>Total</b>			<b>2,571,679</b>						

(\*) The total holding is 100%

ASSOCIATES									
INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	31/12/06 (Thousands of Euros)						
			CARRYING AMOUNT	OWNERSHIP INTEREST	SHARE CAPITAL	RESERVES	INTERIM DIVIDEND	PROFIT/(LOSS)	TAX GROUP
Iberbanda, S.A.	Pso. Castellana, 110 - Madrid	Creation, development and management of communications networks	3,055	21.69%	20,000	75,700	-	(81,612)	
Inversiones en Radiodifusión, S.A. (*)	Federico Zuazo, 1598 - La Paz, Bolivia	Operation of television broadcasting businesses in Bolivia	(155)	25.00%	9,145	(8,615)	-	(80)	
<b>Total</b>			<b>2,900</b>						

(\*) Company figures in thousands of U.S. dollars.

**INDIRECT HOLDINGS**

APPENDIX II

INVESTE	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>EDUCATION</b>						
Aguilar A.T.A., S.A. de Ediciones.	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	100.00%		1,595	1,990
Aguilar Chilena de Ediciones, S.A.	Dr. Aníbal Ariztía 1444, Providencia - Santiago de Chile, Chile	Publishing	100.00%		678	1,103
Canal de Editoriales, S.A.	Juan Bravo, 38 - Madrid	Retailing	99.14%	YES	1,686	1,894
Constancia Editores, S.A.	Estrada da Outorela 118, 2795 - Carnaxide Linda a Velha - Portugal	Publishing	100.00%		1,250	816
Distribuidora y Editora Aguilar, A.T.A, S.A. de C.V.	Calle 80, N 10-23 - Santa Fé de Bogotá, Colombia	Publishing	100.00%		359	819
Distribuidora y Editora Richmond, S.A.	Calle 80, N 10-13 - Santa Fé de Bogotá, Colombia	Publishing	100.00%		34	467
Ediciones Aguilar Venezolana, S.A.	Rómulo Gallegos, Edificio Zulia 1º - Caracas, Venezuela	Publishing	100.00%		29	0
Ediciones Grazailema, S.L.	Rafael Beca Mateos, 3 - Sevilla	Publishing	100.00%	YES	60	121
Ediciones Santillana Inc.	1506 Roosevelt Avenue, Guaynabo, Puerto Rico	Publishing	100.00%		1,065	3,927
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	100.00%		9,801	4,715
Ediciones Santillana, S.A. (Uruguay)	Constitución, 1889 - 11800 - Montevideo, Uruguay	Publishing	100.00%		147	393
Edicions Obradoiro, S.A.	Vía Pasteur, 44 Polígono Industrial Tambre - Santiago de Compostela	Publishing	100.00%	YES	60	67
Edicions Voramar, S.A.	Valencia, 44 - 46210 Píncaya - Valencia	Publishing	100.00%	YES	60	77
Editora Moderna Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brazil	Publishing	100.00%		29,817	31,474
Editora Objetiva Ltda.	Rua Cosme Velho 103, Rio de Janeiro - Brasil	Publishing	75.00%		1,550	4,612
Editorial Nuevo México, S.A. de C.V.	Insurgentes Sur, 686 - 1,2,3 - Colonia del Valle - México D.F.	Publishing	100.00%		102	949
Editorial Santillana, S.A. (Colombia)	Calle 80, N 10-23 - Santa Fé de Bogotá, Colombia	Publishing	100.00%		1,777	7,053
Editorial Santillana, S.A. (Guatemala)	7ª Avenida 11-11, Zona 9, Guatemala, C.A.	Publishing	100.00%		58	1,665
Editorial Santillana, S.A. (Honduras)	Colonia Lomas de Tepeyac, Casa No. 1626, contiguo al Autobanco Cuscatlan, B	Publishing	100.00%		20	230
Editorial Santillana, S.A. (Dominican Republic)	Juan Sánchez Ramírez, 9, Gazcue, Santo Domingo, Dominican Rep.	Publishing	100.00%		79	2,264
Editorial Santillana, S.A. (Venezuela)	Rómulo Gallegos, Edificio Zulia 1º - Caracas, Venezuela	Publishing	100.00%		2,580	10,014
Editorial Santillana, S.A. de C.V. (Mexico)	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Publishing	100.00%		25,850	18,956
Editorial Santillana, S.A. de C.V. (El Salvador)	Siemens, 48 Zona Industrial Santa Elena - La Libertad, El Salvador	Publishing	100.00%		17	1,738
Grup Promotor D'Ensenyement i Difusió en Catalá, S.L.	Frederic Mompou, 11 - V. Olímpica, Barcelona	Publishing	100.00%	YES	60	71
Grupo de Ediciones Santillana Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brazil	Publishing	100.00%		49,628	52,286
Instituto Universitario de Posgrado, S.A.	Torrelaguna, 60 - Madrid	Complementary educational services	52.00%		1,195	277
Ítaca, S.L.	Torrelaguna, 60 - Madrid	Book distribution	100.00%	YES	408	6,243
Lanza, S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Creation, development and management of companies	100.00%		14,032	20,883
N. Editorial, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	YES	60	32
Punto de Lectura, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	YES	300	1,460
Punto de Lectura, S.A. de C.V.	Avenida Universidad 767 - México D.F., Mexico	Publishing	100.00%		86	366
Punto de Lectura Argentina, S.A.	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	100.00%		74	72
Richmond Publishing S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Publishing	100.00%		4	2,677
Salamandra Editorial, Ltda.	Rua Urbano Santos 160, Sao Paulo - Brazil	Publishing	100.00%		42	329
Santillana, S.A. (Costa Rica)	La Uruca, 200 m Oeste de Aviación Civil San José Costa Rica	Publishing	100.00%		465	1,111
Santillana, S.A. (Ecuador)	Avenida Eloy Alfaro, N33-347 y 6 de Diciembre - Quito, Ecuador	Publishing	100.00%		1,025	1,976
Santillana, S.A. (Paraguay)	Avenida Venezuela, 276 - Asunción, Paraguay	Publishing	100.00%		345	370
Santillana, S.A. (Peru)	Avenida Primavera 2160 - Santiago de Surco, Lima, Peru.	Publishing	95.00%		2,959	3,878
Santillana Canarias, S.L.	Urbanización El Mayorazgo. Parcela 14,2-7b- Santa Cruz de Tenerife	Publishing	100.00%	YES	60	55
Santillana de Ediciones, S.A.	Avenida Arce, 2333 - La Paz, Bolivia	Publishing	100.00%		655	774
Santillana del Pacífico, S.A. de Ediciones.	Dr. Aníbal Ariztía 1444, Providencia - Santiago de Chile, Chile	Publishing	100.00%		354	2,859
Santillana Ediciones Generales, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	YES	2,276	15,915
Santillana Ediciones Generales, S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Publishing	100.00%		4	7,240
Santillana Educación, S.L.	Torrelaguna, 60 - Madrid	Publishing	100.00%	YES	7,747	75,851
Santillana Formación, S.L.	Torrelaguna, 60 - Madrid	Complementary educational services	100.00%	YES	1,000	2,769
Santillana Formación, S.L. (Colombia)	Calle 73 N° 7-31 P8 TO B de Bogotá D.C. Colombia	Consultancy services for the obtainment of quality certification by schools	100.00%		33	33
Santillana USA Publishing Co. Inc.	2105 NW 86th Avenue - Doral, Florida, USA	Publishing	100.00%		40,569	(3)
Zubia Editoriala, S.A.	Polígono Lezama Leguizamon, c/ 31 - Etxebarri, Vizcaya	Publishing	100.00%	YES	60	84

INDIRECT HOLDINGS

APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>PRESS-PAÍS</b> Diario El País Argentina, S.A.	Avenida Leandro N. Alem 720- Ciudad Autónoma de Buenos Aires	Operation of El País newspaper in Argentina	99.99%		1,194	441
<b>PRESS-SPAIN</b> Box News Comunicación, S.L. Comercialización de Medios 2000, S.A. Diario As, S.L. Diario Jaén, S.A. Distribuidora Almeriense de Publicaciones, S.L. Edicor, S.L. Eje de Editores Media, S.L. El Correo de Andalucía, S.L. Espacio Editorial Andaluza Holding, S.L. Estructura, Grupo de Estudios Económicos, S.A. Gestión de Medios de Prensa, S.A. Grafivoz, S.A. Novotécnica, S.A. Promotora General de Revistas, S.A. Servicom, S.L. Televisión Alpujarra, S.L.	Américo Vespucio 63, Isla de la Cartuja -Sevilla Avenida de Montserrat, 46 - Almería Albasanz, 14 - Madrid Torredonjimeno, 1, Polígono Los Olivares - Jaén Sierra Cabrera, 1, Polígono Industrial La Juaida - Viator, Almería Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Gran Vía, 32 - Madrid Américo Vespucio 63 - Isla de la Cartuja- Sevilla Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Fuencarral, 6 - Madrid Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería Plaza. Zenete Nº, El Ejido - Almería	Publication, edition, distribution and sale of advertising Printing of published materials Publication and operation of the Diario As newspaper Publication and operation of the Diario Jaén newspaper Distribution of published materials Services for publishing companies Publication, sale and commercialisation of publications and content Publication and operation of the El Correo de Andalucía newspaper Holding company for publishing stakes Publication and operation of the Cinco Días newspaper Common services for regional and local newspapers Printing of published materials Publishing of the La Voz de Almería newspaper Publication, production and operation of magazines Distribution of published materials Local TV services	100.00% 45.96% 75.00% 59.27% 29.87% 40.20% 50.00% 100.00% 100.00% 100.00% 51.21% 40.77% 31.89% 100.00% 36.41% 21.40%	YES  YES    YES YES YES     YES	60 60 1,400 214 264 6 10 1,192 8,501 1,802 87 90 348 1,500 10	577 684 12,029 1,359 353 192 523 545 991 (3,885) 98 254 16,206 3,222 517 0
<b>PRESS-INTERNATIONAL</b> Comunicaciones El País, S.A. (*) Editorial Amanecer, S.A. (*) Información Extra, S.A. (*)	Colinas de Santa Rita, La Paz, Bolivia Cristo Redentor 3355, Santa Cruz - Bolivia Avenida Argentina 2057, La Paz, Bolivia	Publishing Publishing Publishing	94.82% 94.98% 99.96%		2,656 564 107	3,021 (966) (173)

(\*) Data in thousands of US dollars

## INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>RADIO IN SPAIN</b>						
Algarra, S.A.	García Lovera, 3 - Córdoba	Operation of radio broadcasting stations	80.00%	YES	60	1,220
Antena 3 de Radio de León, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	79.18%		135	519
Antena 3 de Radio de Melilla, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	79.53%		61	630
Antena 3 de Radio, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	79.54%		5,052	25,799
Avante Radio, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	79.42%	YES	60	926
Bergadana de Radio y Televisión, S.L.U.	Llado, 1-3 - Manresa	Operation of radio broadcasting stations	80.00%		5	(251)
Catalana de Comunicaciones y Publicidad, S.L.	Aragón, 390 - Barcelona	Operation of radio broadcasting stations	80.00%		30	(671)
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations	77.62%	YES	66	3,112
Corporación Canaria de Información y Radio, S.A.	General Balmes s/n - Las Palmas de Gran Canaria	Operation of radio broadcasting stations	80.00%	YES	60	524
Ediciones LM, S.L.	Plaza de Cervantes, 6 - Ciudad Real	Operation of radio broadcasting stations	40.00%		215	2,311
Frecuencia del Principado, S.A.	Jovellanos 1, Gijón	Operation of radio broadcasting stations	80.00%	YES	60	84
Gironina de Radio, S.A.	Gran Vía Jaume I - Girona	Operation of radio broadcasting stations	80.00%		150	(1,212)
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1 - Toledo	Operation of radio broadcasting stations	56.00%		61	148
Iniciativas Radiofónicas, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	74.74%		228	364
Inversiones Godó, S.A.	Avda. Diagonal, 477- Barcelona	Holding company	80.00%		5,698	6,899
La Palma Difusión, S.A.	Almirante Díaz Pimienta, 10 - Los Llanos de Aridane	Operation of radio broadcasting stations	79.53%		360	350
Ona Catalana, S.A.	Aragón, 390 - Barcelona	Operation of radio broadcasting stations	80.00%		1,200	(11,517)
Onda La Finojosa, S.L.U.	Limosna, 2 - Hinojosa del Duque - Córdoba	Operation of radio broadcasting stations	80.00%	YES	4	36
Onda Musical, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	79.76%		343	1,549
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3 - Santiago de Compostela	Operation of radio broadcasting stations	33.94%		70	394
Ondas, S.A.	Caspe, 6 - Barcelona	Operation of radio broadcasting stations	80.00%	YES	60	213
Paltrieva, S.A.	Gran Vía, 32 - Madrid	Holding company for stakes in radio broadcasting companies	80.00%		11,281	13,777
Radio 30, S.A.	Radio Murcia, 4 - Murcia	Operation of radio broadcasting stations	66.66%		60	209
Radio Burgos, S.L.U.	Venerables 8 - Burgos	Operation of radio broadcasting stations	80.00%	YES	3	93
Radio Club Canarias, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Operation of radio broadcasting stations	76.00%	YES	480	2,479
Radio Costa Brava, S.A.	Didac Garrell, 102 - Palamós	Operation of radio broadcasting stations	80.00%		120	(97)
Radio España de Barcelona, S.A.	Caspe, 6 - Barcelona	Operation of radio broadcasting stations	79.46%	YES	364	1,666
Radio Gibralfaro, S.A.	Santa Paula 2, Granada	Operation of radio broadcasting stations	80.00%	YES	60	584
Radio Jaén, S.L.	Obispo Aguilar, 1 - Jaén	Operation of radio broadcasting stations	28.79%		563	1,448
Radio Jerez, S.L.	C/ Guadalete 12 - 11403 Jerez de la Frontera (Cádiz)	Operation of radio broadcasting stations	18.96%		150	871
Radio La Cerdanya, S.A.	Pla del Fort, 2 - Puigcerdá	Operation of radio broadcasting stations	80.00%		114	18
Radio Murcia, S.A.	Radio Murcia, 4 - Murcia	Operation of radio broadcasting stations	66.66%		120	2,675
Radio Zaragoza, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations	78.42%	YES	183	3,176
Radiodifusión Tenerife, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Operation of radio broadcasting stations	27.00%	YES	60	176
Radiodifusora de Navarra, S.A.	Polígono Plazaola, Manzana F - 2ªA - Pamplona	Operation of radio broadcasting stations	79.53%		66	1,691
Sociedad de Radiodifusión Aragonesa, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations	40.00%		62	91
Sociedad Española de Radiodifusión, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	79.99%	YES	6,700	44,657
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo - Albacete	Operation of radio broadcasting stations	59.33%		874	1,153
Societat de Comunicació i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalder - Engordany (Andorra)	Operation of radio broadcasting stations	80.00%		30	(758)
Sogecable Música, S.L.	Gran Vía, 32 - Madrid	Creation, broadcasting, distribution and operation of thematic TV channels	61.47%		1,202	3,366
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5 - Arrecife	Operation of radio broadcasting stations	39.76%		230	353
Talavera Visión, S.L.	Avenida del Rey Santo, 8 - Ciudad Real	Operation of radio broadcasting stations	40.00%		192	211
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo - Albacete	Operation of radio broadcasting stations	59.73%		150	283
Teleser, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	57.31%		75	66
Televisión Ciudad Real, S.L.	Plaza España, 2 - Ciudad Real	Production, broadcasting, publishing and distribution of all manner of media	59.73%		150	54
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32 - Andorra la Vella	Operation of radio broadcasting stations	26.40%		249	138
Unión Radio Digital, S.A.	Gran Vía, 32 - Madrid	Operation of digital radio broadcasting concession	79.81%		6,010	5,180
Valdepeñas Comunicación, S.L.	Plaza de Cervantes, 6 - Ciudad Real	Operation of radio broadcasting stations	40.00%		60	96

## INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>INTERNATIONAL RADIO</b>						
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México Distrito Federal 04870	Operation of radio broadcasting stations	40.00%		933	828
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Operation of radio broadcasting stations	80.00%		215	2,892
Caracol Estéreo, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	61.63%		3	(450)
Caracol, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	61.64%		11	27,427
Compañía de Comunicaciones C.C.C. Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	71.63%		25	1,222
Comunicaciones del Pacífico, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation and management of TV channels and radio stations	79.91%		3	(1,172)
Comunicaciones Santiago, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	80.00%		2	211
Consorcio Radial de Chile, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	80.00%		17,500	7,712
Consorcio Radial de Panamá, S.A	Urbanización Obarrio, Calle 54 Edificio Caracol, Panama	Advisory services and marketing of services and products	80.00%		10	10
Corporación Argentina de Radiodifusión, S.A.	Beazley 3860 - Buenos Aires, Argentina	Operation of radio broadcasting stations	80.20%		3,675	2,836
CHR, Cadena Hispanoamericana de Radio, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	79.07%		353	1,321
Ecos de la Montaña Cadena Radial Andina, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	61.44%		0	312
El Dorado Broadcasting Corporation	2100 Coral Way - Miami, Florida, USA	Development of the Latin radio market in the USA	20.00%		196	(1,302)
Emisora Mil Veinte, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	60.58%		0	60
Fast Net Comunicaciones, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Telecommunications and radio broadcasting services	80.00%		97	(1,249)
GLR Broadcasting, LLC	Baypoint Office Tower, 4770 Biscayne Blvd. Suite 700 Miami, FL 33137	Operation of radio broadcasting stations	80.00%		1	18,158
GLR Colombia, Ltda	Calle 67 N° 7-37 Piso 7 Bogotá, Colombia	Provision of services to broadcasters	80.20%		263	200
GLR Costa Rica, S.A.	Llorente de Tibás, Edificio La Nación - San José, Costa Rica	Radio broadcasting	40.00%		1,020	601
GLR Chile Ltda	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	80.00%		67,919	59,284
GLR Francia, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d'Italie - Paris, France	Radio broadcasting	80.00%		8	(461)
GLR Midi France, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d'Italie - Paris, France	Radio broadcasting	47.98%		40	35
GLR Networks, LLC	Baypoint Office Tower, 4770 Biscayne Boulevard, Suite 700 - Miami (USA)	Provision of services to broadcasters	80.00%		3,676	57
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Provision of services to broadcasters	80.00%		4	27,461
GLR Southern California	2711 Centreville Road Suite 400 Wilminsgton De 19080	Provision of services to broadcasters	80.00%		0	18,379
Green Emerald Business Inc.	Calle 54 Obarrio N° 4, Ciudad de Panamá - Panama	Development of the Latin radio market in Panama	27.96%		3,986	(1,058)
Grupo Latino de Radio, S.L.	Gran Vía, 32 - Madrid	Development of the Latin radio market	80.00%	YES	116,243	96,553
LS4 Radio Continental, S.A	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Radio broadcasting and advertising services	80.00%		1,817	2,179
Promotora de Publicidad Radial, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	61.63%		1	18
Publicitaria y Difusora del Norte Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Radio broadcasting	80.00%		411	376
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	40.01%		542	(150)
Radio Estéreo, S.A	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Radio broadcasting and advertising services	80.00%		32	22
Radio Melodía, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	79.99%		92	153
Radio Mercadeo, Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	63.10%		298	469
Radio Tapatía, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	79.99%		80	184
Radiodifusora Beethoven Valparaíso, Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	80.00%		0	0
Radiotelevisora de Mexicali, S.A. de C.V.	Av. Reforma 1270 Mexicali Baja California Norte	Operation of radio broadcasting stations	40.00%		290	402
Sistema Radiópolis, S.A. de C.V.	Av.Vasco de Quiroga 2000, México D.F.	Operation of radio broadcasting stations	40.00%		13,876	27,889
Sociedad de Radiodifusión y Publicidad Exta Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	79.90%		12	47
Sociedad Radiodifusora del Norte, Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	79.90%		56	(4,431)
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana ensenada 3100 Rancho Altamira Blvd Popotla y	Advisory services on business administration and organisation	39.18%		7	(354)
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana Ensenada 3100 Rancho Altamira Blvd Popotla y	Real estate development services	79.99%		2,633	2,719
WSUA Broadcasting Corporation	2100 Coral Way - Miami, Florida, USA	Radio broadcasting	20.00%		587	(3,053)
Xezz, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	79.99%		39	84
<b>RADIO-MUSIC</b>						
Compañía Discográfica Muxxic Records, S.A.	Gran Vía, 32 - Madrid	Production and recording of sound media	100.00%	YES	750	(2,066)
Ediciones Musicales Horus, S.A.	Gran Vía, 32 - Madrid	Production and recording of sound media	100.00%	YES	70	283
Eurotropical de Producciones Discográficas, S.L.	Gran Vía, 32 - Madrid	Production and recording of sound media	100.00%	YES	755	489
Lirics and Music, S.L.	Gran Vía, 32 - Madrid	Music publishing	100.00%	YES	12	1,028
Media Festivals, S.A.	Gran Vía, 32 - Madrid	Production and organisation of shows and events	100.00%	YES	712	318
Nova Ediciones Musicales, S.A.	Gran Vía, 32 - Madrid	Music publishing	100.00%	YES	600	2,047
Planet Events, S.A.	Gran Vía, 32 - Madrid	Production and organisation of shows and events	51.00%		120	913

## INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>AUDIOVISUAL-SOGECABLE</b>						
Audiovisual Sport, S.L.	C/ Diagonal, 477 Barcelona	Management and distribution of audiovisual rights	34.35%		6,220	5,715
Canal Satélite Digital, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	TV services	42.94%		159,196	263,421
Centro de Asistencia Telefónica, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Services	42.94%		3,077	4,897
Compañía Independiente de Televisión, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Management and exploitation of audiovisual rights	42.94%		601	33,348
Cinemanía, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Operation of thematic channels	42.94%		601	7,967
DTS, Distribuidora de Televisión Digital, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	TV services	42.94%		346,169	126,286
Sociedad General de Cine, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Production and management of audiovisual rights	42.94%		6,010	22,360
Sogetable Media, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Management and sale of advertising space	57.21%		3	(2,869)
Sogetable Editorial, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Royalties management	42.94%		3	0
Sogetaq, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Management and distribution of audiovisual rights	42.94%		18,030	16,091
Vía Atención Comunicación, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Services	42.94%		4	(80)
Canal Club de Distribución de Ocio y Cultura, S.A.	C/ Hermosilla, 112 - Madrid	Catalogue sales	10.74%		3,907	6,493
Canal + Investment Inc.	Beverly Hills, California, EE.UU.	Film production	25.76%		111,751	11,006
Compañía Independiente de Noticias de TV, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	TV services	21.47%		1,442	(4,471)
Jetix España, S.L. (formerly Fox Kids España, S.L.)	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Operation of thematic channels	21.47%		301	1,613
<b>AUDIOVISUAL-MEDIA CAPITAL</b>						
Grupo Media Capital, SGPS, S. A.	Rua Mário Castilho nº 40, Queluz de Baixo, Portugal	Production and distribution of TV and radio programmes and magazines	33.00%		7,606	109,399
<b>AUDIOVISUAL-PLURAL</b>						
Chip Audiovisual, S.A.	Coso, 100 planta 3ª puerta 4-50001 Zaragoza	Audiovisual productions for TV	50.00%		600	1,297
Factoría Plural, S.L.	C/ Biarritz, 2 - 50017 Zaragoza	Production and distribution of audiovisual content	51.00%		175	197
Plural Entertainment Canarias, S.L.	Dársena Pesquera - Edif. Plató del Atlántico - San Andrés 38180	Production and distribution of audiovisual content	100.00%		75	(20)
Plural Entertainment Inc.	1680 Michigan Avenue, Suite 730 - Miami Beach - USA	Production and distribution of audiovisual content	100.00%		109	1,134
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n - Tenerife	Audiovisual productions for TV	40.00%		6,010	8,048
Tesela Producciones Cinematográficas, S.L.	Gran Vía, 32 - Madrid	Production and distribution of audiovisual content	80.80%	YES	1,034	5,891
<b>AUDIOVISUAL-INTERNATIONAL TV</b>						
ATB Illimani de Comunicaciones y Asociados del Valle, S.A. (*)	Tupiza, 1140 - Recoleta, San Benito - Bolivia	Operation of TV and radio programmes	15.00%		1,162	83
ATB Santa Cruz Televisión, S.A. - ATB Santa Cruz (*)	Avenida Cristo Redentor, 33-55 - Santa Cruz, Bolivia	Operation of TV and radio programmes	18.74%		1,479	(473)
Illimani de Comunicaciones, S.A. - ATB La Paz (*)	Avenida Argentina, 2057 - La Paz, Bolivia	Operation of TV and radio programmes	18.75%		8,170	(609)

(\*) Data in thousands of US dollars.



## INDIRECT HOLDINGS

## APPENDIX II

INVESTEE	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>AUDIOVISUAL-LOCAL TELEVISION</b>						
Albarizas Comunicación, S.A.	Avenida del Membrillar s/n - Jerez de la Frontera, Cádiz	Production and broadcasting of videos and TV programmes	37.50%		852	145
Axarquía Visión, S.A.	Paseo de Reding, 7 - Málaga	Local TV services	44.23%		60	(382)
Canal 4 Navarra Digital, S.A.	Polígono Industrial Cordovilla - Navarra	Local TV services	75.00%	YES	2,000	2,047
Canal 4 Navarra, S.L.	Avenida Sancho el Fuerte, 18 - Pamplona	Production and broadcasting of videos and TV programmes	75.00%	YES	2,809	(3,138)
Canal Bilbao, S.A.	Ribera Elorrieta, 3 - Bilbao	Local TV services	22.50%		1,867	1,981
Canal Gásteiz televisión, S.L.	Portal de Gamarra 23, Pabellón A-01013 Gásteiz-Vitoria, Álava	Local TV services	22.50%		2,076	1,067
Collserola Audiovisual, S.L.	Plaza Narcis Oller N°6 1º, 1ª - 08006 Barcelona	Local TV services	69.38%		85	(4,905)
Compostela Visión, S.L.	Rua Nova 32, 2ª planta 15705 Santiago de Compostela-La Coruña	Development of the Latin radio market	26.25%		264	(485)
Comunicación Radiofónica, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	75.00%	YES	1,801	1,887
Comunicaciones y Medios Audiovisuales Tele Alcalá, S.L.	Encomienda, 33 - Alcalá de Henares	Local TV services	75.00%		312	(1,186)
Ferrolvisión, S.L.	Arce s/n, Ferrol	Local TV services	26.25%		90	(376)
Grupo de Comunicación y Televisión Castilla La Mancha, S.A.	C/País Valenciano 5 - Ciudad Real	Local TV services	25.00%		300	404
Guipúzcoa Televisión, S.A.	Libertad, 17 - San Sebastián	Local TV services	30.00%		1,682	294
Legal Affairs Consilium, S.L.	Plaza Narcis Oller N°6 1º, 1ª - 08006 Barcelona	Local TV services	75.00%	YES	130	(2,576)
Localia TV Madrid, S.A.	Gran Vía, 32 - Madrid	Local TV services	75.00%	YES	6,000	3,688
Localia TV Valencia, S.A.	Don Juan de Austria 3 - 46002 Valencia	Local TV services	75.00%	YES	190	(1,992)
Málaga Altavisión, S.A.	Paseo de Reding, 7 - Málaga	Production and broadcasting of videos and TV programmes	55.29%		6,312	820
Marbella Digital Televisión, S.A.	Paseo de Reding, 7 - Málaga	Local TV services	55.28%		174	(1,680)
Productora Asturiana de Televisión, S.A.	Asturias, 19 - Oviedo	Local TV services	44.99%		1,112	798
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2 - Badajoz	Local TV services	46.09%		498	(357)
Productora Audiovisual de Mallorca, S.A.	Puerto Rico, 15 - Palma de Mallorca	Local TV services	74.88%	YES	92	(1,235)
Productora Canaria de Programas, S.A.	Enrique Wolfson, 17 - S. C. de Tenerife	Production and broadcasting of videos and TV programmes	40.00%		601	885
Productora de Comunicación Toledo, S.A.	Carreteros, 1 - Toledo	Local TV services	56.13%		1,283	11
Productora de Televisión de Almería, S.A.	Avenida del Mediterráneo 150 - Edificio Laura 1ª Planta - Almería	Local TV services	<b>43.61%</b>		3,344	1,516
Productora de Televisión de Córdoba, S.A.	Amatista s/n, Polígono El Granadall - Córdoba	Local TV services	75.00%	YES	90	(1,302)
Productora de Televisión de León, S.A.	República Argentina, 28 - León	Local TV services	23.30%		1,384	244
Productora de Televisión de Salamanca, S.A.	Arco, 16-20 - Salamanca	Local TV services	32.51%		61	17
Productora Digital de Medios Audiovisuales, S.A.	Juan de la Cierva, 72 - Polígono Industrial Prado Regordoño - Móstoles	Local TV services	75.00%		1,803	(915)
Productora Extremeña de Televisión, S.A.	J. M. R. "Azorín", Ed. Zeus, Polígono La Corchera - Mérida, Badajoz	Local TV services	38.25%		1,202	976
Promoción de Actividades Audiovisuales en Canarias, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Development of a promotional TV channel for the Canary Islands	100.00%	YES	1,052	3,198
Promociones Audiovisuales Sevillanas, S.A.	Rafael González Abreu, 3 - Sevilla	Production and broadcasting of videos and TV programmes	41.25%		2,520	1,320
Promotora Audiovisual de Jaén, S.A.	Avenida del Ejército Español, 6 - Jaén	Local TV services	37.03%		657	382
Promotora Audiovisual de Zaragoza, S.L.	Emilia Pardo Bazán, 18 - Zaragoza	Local TV services	75.00%	YES	120	(996)
Promotora de Emisoras de Televisión, S.A.	Gran Vía, 32 - Madrid	Operation of TV channels	75.00%	YES	19,061	(28,098)
Radiotelevisión Compostela, S.L.	Fuencarral, 123 - Madrid	Local TV services	26.25%		30	14
Riotedisa, S.A.	Avenida de Portugal, 12 - Logroño	Audiovisual productions for TV	36.75%		1,203	45
Telecomunicación Antequera, S.A.	Aguardenteros, 15 - Antequera, Málaga	Local TV services	51.42%		822	(399)
Televisión Bidasoa, S.L.	Señor Aranzate, 10 20304 - Irún, Guipúzcoa	Local TV services	27.00%		54	(101)
Televisión Digital de Baleares, S.L.	Avenida Setze de Juliol, 53 Palma de Mallorca - Islas Baleares	Local TV services	30.00%		1,200	1,197
Televisión Pontevedra S.A.	Castelao 3 B 1º - Pontevedra	Local TV services	26.25%		270	(541)
Televisión, Medios y Publicidad, S.L.	Quitana, 38 - Alicante	TV services	75.00%	YES	132	(1,491)
TV Local Eivissa, S.L.	Avenida San Jordi s/n - Edificio Residencial - Ibiza	TV services	74.96%		90	203
Unión de Televisiones Gallegas, S.A.	Plaza de Orense, 3 - La Coruña	Operation of local audiovisual media	26.19%		12,409	4,831

## INDIRECT HOLDINGS

APPENDIX II

INVESTEES	REGISTERED OFFICE	LINE OF BUSINESS	OWNERSHIP INTEREST	TAX GROUP	31/12/06 (Thousands of Euros)	
					SHARE CAPITAL	SHAREHOLDERS' EQUITY
<b>DIGITAL</b>						
Información, Telefonía y Comunicación, S.A.	Argentina, 2057, La Paz, Bolivia	Telecommunications services	50.25%		6	61
Infotecnia 11824, S.L.	Ronda de Poniente 7, Tres Cantos - Madrid	Telecommunications services	50.00%		40	465
Inversiones Digitales, S.A.	Federico Zuazo, 1598, La Paz - Bolivia	Holding company	50.00%		286	(143)
Santillana en Red, S.L.	Ribera del Sena s/n. Edificio APOT. Madrid	Multi-media publishing	100.00%	YES	1,500	(337)
Sistemtel Telecomunicaciones Bolivia, S.A.	Argentina, 2057, La Paz, Bolivia	Telecommunications services	50.02%		25	(114)
<b>PRINTING</b>						
Altamira Press, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	40.00%		5,384	437
Bidasoa Press, S.L.	Gran Vía, 32 - Madrid	Printing of published materials	40.00%		2,047	9,189
Dédalo Altamira, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	40.00%		6,000	4,425
Dédalo Grupo Gráfico, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	40.00%		28,458	70,665
Dédalo Heliocolor, S.A. (formerly Polestar Heliocolor, S.L.)	C/ Camino de los Afligidos S/N - Alcalá de Henares - Madrid	Printing of published materials	40.00%		8,456	7,129
Distribuciones Aliadas, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	40.00%		2,100	10,368
Ediciones Bidasoa, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	100.00%	YES	113	640
Gráficas Integradas, S.A.	C/ Camino de los Afligidos S/N - Alcalá de Henares - Madrid	Printing of published materials	40.00%		601	1,924
Macrolibros, S.A.	C/ Vázquez de Menchaca, 9, Polígono Industrial Argales - Valladolid	Printing of published materials	40.00%		992	8,652
Mateu Cromo Artes Gráficas, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	40.00%		4,000	(7,923)
Mateu Liber, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	40.00%		1,003	363
Norprensa, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	40.00%		1,800	5,424
<b>DISTRIBUTION</b>						
Beralán, S.L.	Avenida Ama Kandida, 21 - Guipúzcoa	Distribution of published materials	22.25%		218	2,937
Cirpress, S.L.	Autopista A8 Km 14,4 - Arribas, Asturias	Distribution of published materials	24.70%		14	938
Cronodis Logística Integral, S.L.	C/El Rayo, Parcela 2,4,2 Polígono Industrial La Quinta /R2. 19171 Cabanillas del Campo (Guadalajara)	Storage and distribution of published materials	95.00%		500	517
Diserpe, S.R.L.U.	C/ Dels Argenters 4, P.I. Vara de Quart - 46014 Valencia	Distribution of published materials	23.75%		3	812
Distribuciones Papiro, S.L.	Dtor. Ferrán s/n, Polígono Industrial El Montalbo - Carbajosa de la Sagrada, Salamanca	Distribution of published materials	25.14%		39	184
Distribuciones Ricardo Rodríguez, S.L.	Polígono Asegra.C/Córdoba	Distribution of published materials	20.30%		6	145
Distribuidora Almeriense de Publicaciones, S.L.	Sierra Cabrera, 1. Polígono Industrial La Juaida - Viator, Almería	Distribution of published materials	29.87%		264	353
Distribuidora Cordobesa de Medios Editoriales, S.L.	Polígono Industrial Chinales, naves 7 y 8, parcela 29 - Córdoba	Distribution of published materials	20.30%		31	65
Distribuidora de Publicaciones Boreal, S.L.	Avenida de Fuentemar, 29 - Coslada, Madrid	Distribution of published materials	29.00%		113	5,951
Distribuidora Jienense de Publicaciones, S.L.	Polígono Industrial Los Olivares, calle 5, parcela 526 - Jaén	Distribution of published materials	29.00%		220	328
Distrigalicia, S.L.	Carretera de Catabais Km. 3,300 de Ferrol (A Coruña)	Storage and distribution of published materials	29.00%		37	1,081
Distrimedios, S.L.	Agricultura, Parcela D-10 (P. Empresarial) - Jerez, Cádiz	Distribution of published materials	29.00%		100	429
Distritoledo, S.L.	Polígono Industrial de Toledo II Fase. C/ Arrollo Gadea, 9 (45007) Toledo	Distribution and sale of published materials	60.00%		12	218
Gestión de Logística Editorial, S.L.	Samaniego s/n nave 19 Madrid	Distribution and sale of published materials	50.00%		310	2,730
Marina Press Distribuciones, S.L.	Pere IV, 467 - Barcelona	Distribution of published materials	30.00%		300	1,694
Prensa Serviodiel, S.L.	Polígono Tartessos 309, Calle A - 21610 San Juan del Puerto (Huelva)	Distribution of published materials	20.30%		8	41
Souto, S.L.	Polígono Industrial Ocea, C/Da Industria, 107. 27290. Lugo	Distribution of publications	29.00%		34	335
Suscripciones de Medios Editoriales, S.L.	C/De la Agricultura, Parque Empresarial Parcela D1 - 11407 Jerez de la Frontera	Distribution of published materials	29.00%		110	56
Trecedis, S.L.	C/Avenida de Bruselas, 5. Arrollo de la Vega - 28108 Alcobendas	Distribution of publications	17.99%		861	546
Val Disme, S.L.	Trajiners, 3 - Valencia	Distribution of published materials	23.75%		144	1,406
<b>ADVERTISING SALES</b>						
GDM Publicidad Electrónica, S.A.	Gran Vía, 32 - Madrid	Design and development of image applications	51.00%		61	236
Prisa Innova, S.L.	Gran Vía, 32 - Madrid	Management of promotional products and services	100.00%	YES	20	134
Solomedios, S.A.	Gran Vía, 32 - Madrid	Advertising management	100.00%	YES	180	1,703
<b>PRISA AND OTHER BUSINESSES</b>						
GLP Colombia, Ltda	Carrera 9, 9907 Oficina 1200, Bogotá, Colombia	Operation and sale of advertising	50.00%		233	1,017
Prisa Inc.	5300 First Union Financial Centre, Miami, Florida, USA	Business management in the US and North America	100.00%		1,287	(261)
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 Bogotá D.C. (Colombia)	Production and distribution of audiovisual content	100.00%		18	18

**CHANGES IN SHAREHOLDERS' EQUITY IN 2006**  
(Thousands of Euros)

	Share Capital	Share Premium	Revaluation Reserves		Legal Reserve	Reserves for Treasury Shares	Bylaw-Stipulated Reserves	Reserve for Retired Capital	Other Reserves	Profit for the Year	Total Shareholders' Equity
			1983	RDL 7/1996							
<b>Balance at 31 December 2005</b>	21,881	108,369	3,289	10,650	4,376	32,766	10,941	1,373	426,730	109,743	730,118
Transfer of reserves due to delivery of treasury shares						(63)			63		-
Transfer of reserves due to purchase of treasury shares						7,819			(7,819)		-
Transfer of reserves due to sales of treasury shares						(1,641)			1,641		-
Distribution of net profit for 2005											
- Directors' remuneration										(1,322)	(1,322)
- Dividends										(30,204)	(30,204)
- Reserves									78,217	(78,217)	-
Net profit for the year										137,747	137,747
<b>Balance at 31 December 2006</b>	21,881	108,369	3,289	10,650	4,376	38,881	10,941	1,373	498,832	137,747	836,339

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

Directors' Report  
for 2006

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails*

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

### **DIRECTORS' REPORT**

FOR 2006

#### **1. BUSINESS PERFORMANCE**

Promotora de Informaciones, S.A. (Prisa) is the company which heads the Prisa Group. Its function within the Group is to perform 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.

In 2006 the Group continued to implement its strategy of expansion and consolidation of its presence in the audiovisual markets, mainly through the acquisition of effective controlling interests in the Sogecable Group in April 2006 and in the Media Capital Group in early 2007. These transactions enabled the Group to significantly increase its size and to diversify its business portfolio and its sources of income. They also complete the Group's business activities in the Media sector, and place it as the largest global education, information and entertainment group in Spanish-speaking markets.

#### *Organisational and management matters-*

In 2006 the Group reorganised its business management structure and grouped its activities by line of business. Accordingly, the Group's worldwide structure was organised into the following main lines of business:

- Audiovisual
- Press
- Radio
- Education
- Digital
- Other businesses

The project for the implementation of an integrated common management system for the Group companies in Spain and abroad commenced in 2006. This project will facilitate the rationalisation of procedures and the standardisation of business models at worldwide level and will guarantee sound and efficient resource management in all countries and businesses.

#### *Investment activities-*

*Audiovisual business in Spain:* The takeover bid for 20% of Sogecable, S.A. was completed in March 2006. As a result of the takeover bid, Prisa's ownership interest in Sogecable, S.A. rose to 44.5%, which enables it to appoint one-half of the Board

members and to govern the financial and operating policies of the company. The aim of this transaction was to contribute, through stable management, to the development of Sogecable, S.A. and to the achievement of its business plan.

*Media business in Portugal:* In 2005, 2006 and 2007, Prisa consolidated its presence in the Portuguese market through the investments and transactions performed by its wholly-owned subsidiary Vertex, S.G.P.S., S.A. The salient events of this process were as follows:

- In November 2005 Prisa acquired a 33% stake in the share capital of the Media Capital S.G.P.S., S.A. group.
- In October 2006 Prisa submitted to the Portuguese Securities Market Commission (CMVM) the preliminary announcement of a voluntary takeover bid for all the share capital of the Media Capital S.G.P.S., S.A. group, at a price of EUR 7.40 per share.
- The acceptance period ended on 5 February 2007 and the offer was accepted by shares representing 40.70% of the company's share capital. As a result of this transaction, Prisa's indirect ownership interest in Media Capital, S.G.P.S., S.A. stood at 73.70%.
- On 6 February 2007, Prisa submitted to the Portuguese CMVM the preliminary announcement of a mandatory takeover bid for 100% of the Media Capital, S.G.P.S., S.A. group. The new offer is targeted at the remaining 26.30% of Media Capital, S.G.P.S., S.A.

*Radio business in Spain and abroad:* The agreement between Prisa and Grupo Godó de Comunicación, S.A., whereby these groups integrated into Sociedad de Servicios Radiofónicos Unión Radio, S.A. their holdings in Sociedad Española de Radiodifusión, S.A. and Antena 3 de Radio, S.A., was completed in March 2006. In June 2006, the Group sold a 20% holding in Grupo Latino de Radio, S.L., the head of the international radio business, to Grupo Godó de Comunicación, S.A.; subsequently, Prisa and Grupo Godó de Comunicación, S.A. contributed, through a capital increase, all the shares of Grupo Latino de Radio, S.L. to Sociedad de Servicios Radiofónicos Unión Radio, S.L. which, following this transaction, became the head of Prisa's radio business, both in Spain and abroad. This company is 80% owned by Prisa and 20% owned by Grupo Godó de Comunicación, S.A.

### ***Results and profitability-***

Prisa's results depend directly on 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 net worth position of its subsidiaries also give rise to increases and decreases in the value of its investment portfolio.

The profit reported in 2006 consolidates the growth trend, outperforming the market, which the Prisa Group has sustained in recent years. With respect to 2005, the Group's net profit rose by 50%, revenue increased by over 89% and operating revenue by 31%. This excellent performance in results prompted net consolidated earnings per share to reach EUR 1.10 in 2006, compared to EUR 0.74 in 2005.

#### *Financing activities-*

The Group had to increase its level of indebtedness to finance the acquisitions made in 2005 and 2006. In order to reach a more efficient and economic financial structure based on the conditions prevailing in the financial market in 2006, in May 2006, Prisa restructured its financial debt and entered into a 7-year syndicated loan agreement with a group of 40 banks, including leading international and domestic banks, for a maximum amount of EUR 1,600 million. The response and support received from the banking community in the syndication process were very satisfactory.

In December 2006, Prisa entered into a short-term syndicated bridge loan agreement with a group of seven leading banks for EUR 450,000 thousand, the purpose of which was to raise the funds required to implement the Prisa Group's expansion plan in Portugal.

## **2. SUBSEQUENT EVENTS**

As explained above, the acceptance period for the offer for Media Capital, S.G.P.S., S.A. ended on 5 February 2007. As a result of the takeover bid, Prisa's indirect ownership interest in this company was 73.70%. Also, on 6 February 2007, Prisa filed with the Portuguese CMVM the preliminary announcement of a mandatory takeover bid for all the share capital of the Media Capital, S.G.P.S., S.A. group (the new bid was targeted at the remaining 26.30% share capital).

Simultaneously, Vertix, S.G.P.S, S.A. filed with the Portuguese CMVM the preliminary announcement of a mandatory takeover bid for all the share capital of TVI-Televisao Independiente, S.A. (TVI), an indirectly 99.88%-owned investee of Media Capital, S.G.P.S., S.A. Consequently, the takeover bid is targeted at the holders of shares representing 0.12% of TVI's share capital. The offered price per share is EUR 6.85.

In 2006 Prisa decided to start the search for new shareholders for its printing business operated by the investees of Dédalo Grupo Gráfico, S.L., in which Prisa had an indirect 40% ownership interest at 31 December 2006. Based on the offers received from third parties and on the current state of the negotiations underway with some of them, the directors consider that the disposal value of the printing business, net of the related costs to sell, does not differ materially from the investment amount recognised by Prisa in its financial statements at 31 December 2006.

Also, in 2006 Prisa signed an agreement with the shareholders of Dédalo Grupo Gráfico, S.L. whereby Prisa is empowered to convert into equity, through its wholly-owned subsidiary Prisaprint, S.L., loans amounting to EUR 15,000 thousand before 2 April 2007. This transaction would increase Prisa's indirect holding in Dédalo Grupo Gráfico, S.L. to 60.71%. This power had not been exercised at the reporting date.

### **3. PRINCIPAL RISKS ASSOCIATED WITH THE BUSINESS**

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

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

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

- Results from activities carried on in non-euro area countries which are tied to the fluctuations in their respective currencies: around 22% of the Group's results (before minority interests and taxes) at 31 December 2006 were generated in America.
- Transactions with foreign suppliers and providers: the growth in the Group's audiovisual business gave rise to an increase in transactions and agreements with foreign suppliers and providers of content (mainly in the United States).
- Financial investments made to acquire ownership interests in foreign companies: these are long-term investments aimed at maintaining stable ownership interests in companies, although such investments are exposed to changes in their net asset value, not only as a result of their activity, but also due to the effect of exchange rate fluctuations.
- Debt denominated in foreign currency: 1.6% of the Group's total bank financing at 31 December 2006 was denominated in foreign currency.



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

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

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

#### **4. USE OF FINANCIAL INSTRUMENTS**

Prisa arranges interest rate and exchange rate hedging contracts when the forecast market performance so advises. At 31 December 2006, Prisa did not have any exchange rate hedging contracts in force and, in conformity with the syndicated financing agreement entered into in 2006, the Company arranged interest rate hedges providing for interest rate caps. These hedging contracts mature in September 2011 and the hedged notional amount is 60% of the syndicated loan balance outstanding at any given time. Hedges are settled quarterly, coinciding with the loan interest settlement periods.

#### **5. TREASURY SHARES**

At 31 December 2006, Promotora de Informaciones, S.A. owned a total of 10,940,625 treasury shares, representing 5% of its share capital. The total cost of these shares was EUR 38,881 thousand, with a cost per share of EUR 3.55.

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

#### **6. SHARE PERFORMANCE**

##### ***Prisa shares-***

Prisa shares closed the year at EUR 13.21, with a market capitalisation of EUR 2,891 million at 31 December 2006. Prisa shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

Number of shares:	218,812,500
Free-float:	30.6%
Treasury shares*:	10,940,625
Earnings per share**:	1.10
Dividend yield***:	1.17%

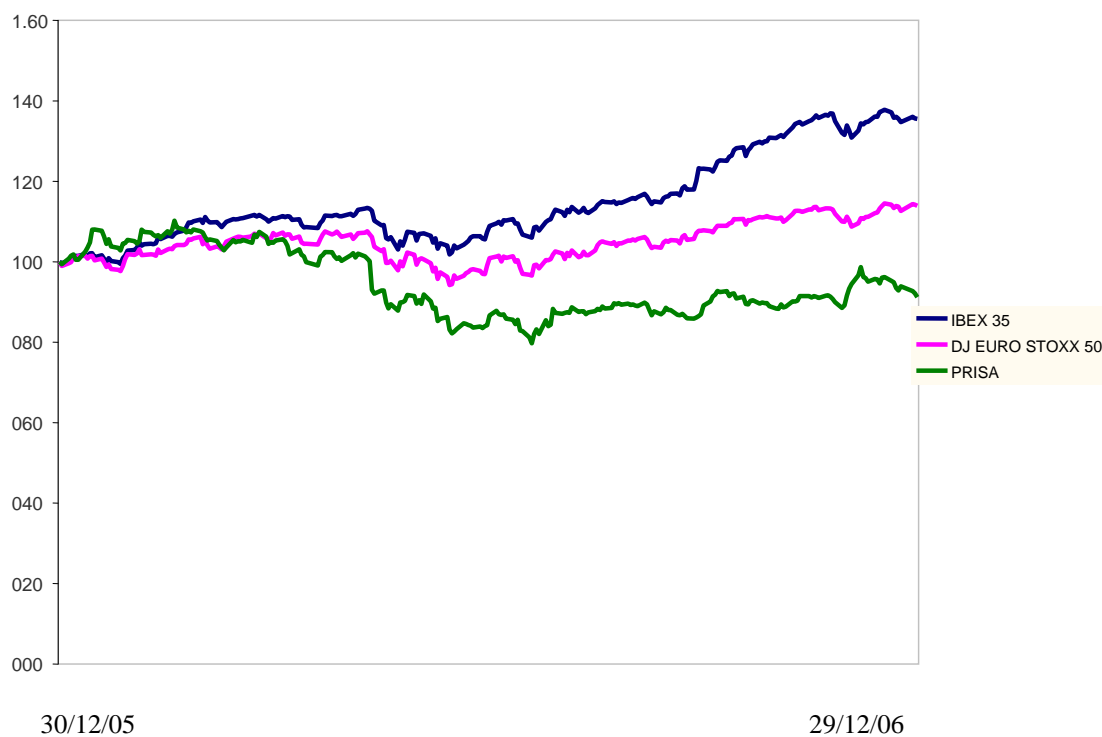
\* Treasury shares guaranteeing the exchangeable bond issue launched in 2003.

\*\* Excluding 10,940,625 treasury shares.

\*\*\* Calculated on the basis of the average market price for 2006

### Share performance-

Following is a comparison of the performance of Prisa shares from 30 December 2005 to 29 December 2006 with the Ibex and Euro Stoxx Media indexes:



### Market price in 2006

Beginning (30/12/05)	14.40
High	15.97
Low	11.55
Average	13.68
Closing (29/12/06)	13.21

## **7. OUTLOOK**

2007 started with the positive performance of the Group's main business lines, which is good evidence of the favourable market outlook for 2007.

The Prisa Group's business units are expected to perform well in 2007. Forecasts for the coming year point to growth in revenue and market share for Prisa's advertising business, good expectations for the audiovisual market, both free-to-air and pay TV, and improved financial performance in Latin America. Finally, the outlook for new businesses suggests greater efficiency and improved results.

The Group's various business units will endeavour to continuously adapt the Group's means to the new supports and to the opportunities and challenges brought about by new technologies.

As far as financing is concerned, the Group plans to reorganise its financing structure in 2007 in order to adapt it to its new situation once all the acquisitions underway have been completed.