

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

Consolidated Financial Statements for 2006 prepared
in accordance with International Financial Reporting Standards
as adopted in Europe, together with Directors' Report for 2006

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

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

Consolidated Financial Statements for 2006 prepared
in accordance with International Financial Reporting Standards
as adopted in Europe

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2006 AND 2005
(Thousands of euros)

ASSETS	Notes	31/12/06	31/12/05	EQUITY AND LIABILITIES	Notes	31/12/06	31/12/05
A) NON-CURRENT ASSETS		4,167,958	1,518,508	A) EQUITY	9	1,157,234	865,255
I. PROPERTY, PLANT AND EQUIPMENT	4	454,262	324,285	I. SHARE CAPITAL		21,881	21,881
II. INVESTMENT PROPERTY	3c	12,331	12,314	II. OTHER RESERVES		610,997	530,102
III. GOODWILL	5	1,562,697	225,732	III. ACCUMULATED PROFIT		400,282	316,503
IV. INTANGIBLE ASSETS	6	400,723	91,716	- From prior years		171,373	163,694
V. NON-CURRENT FINANCIAL ASSETS	7	86,837	78,697	- For the year: Profit attributed to the Parent		228,909	152,809
VI. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	8	280,744	644,842	IV. TREASURY SHARES		(38,881)	(32,766)
VII. DEFERRED TAX ASSETS	20	1,359,081	140,922	V. EXCHANGE DIFFERENCES		1,497	10,639
VIII. OTHER NON-CURRENT ASSETS		11,283	-	VI. MINORITY INTERESTS		161,458	18,896
B) CURRENT ASSETS		1,756,105	626,197	B) NON-CURRENT LIABILITIES		2,796,693	545,444
I. INVENTORIES		270,322	104,273	I. EXCHANGEABLE BONDS IN ISSUE	10	154,674	151,093
II. TRADE AND OTHER RECEIVABLES		945,858	492,952	II. NON-CURRENT BANK BORROWINGS	13	2,252,004	311,095
1. Trade receivables for sales and services		658,203	391,218	III. DEFERRED TAX LIABILITIES	20	109,717	42,996
2. Receivable from associates		27,970	53,433	IV. NON-CURRENT PROVISIONS	11	50,906	22,186
3. Receivable from public authorities		126,397	29,518	V. OTHER NON-CURRENT LIABILITIES	12	229,392	18,074
4. Other receivables		179,439	47,889	C) CURRENT LIABILITIES		1,996,942	736,454
5. Allowances		(46,151)	(29,106)	I. TRADE PAYABLES		970,309	211,425
III. CURRENT FINANCIAL ASSETS		5,162	5,130	II. PAYABLE TO ASSOCIATES		12,377	35,371
IV. CASH AND CASH EQUIVALENTS	7	534,538	23,242	III. OTHER NON-TRADE PAYABLES		96,905	119,657
V. OTHER CURRENT ASSETS		225	600	IV. CURRENT BANK BORROWINGS	13	843,410	320,172
C) ASSETS HELD FOR SALE	14	93,971	2,448	V. PAYABLE TO PUBLIC AUTHORITIES	20	43,106	37,538
				VI. PROVISIONS FOR RETURNS		5,127	5,444
				VII. OTHER CURRENT LIABILITIES		25,708	6,847
				D) LIABILITIES HELD FOR SALE	14	67,165	-
TOTAL ASSETS		6,018,034	2,147,153	TOTAL EQUITY AND LIABILITIES		6,018,034	2,147,153

The accompanying Notes 1 to 30 are an integral part of the Consolidated Balance Sheets at 31 December 2006 and 2005.

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS FOR 2006 AND 2005
(Thousands of euros)

	Notes	2006	2005
Revenue	15	2,727,752	1,425,966
Other income	15	84,006	57,125
OPERATING REVENUE		2,811,758	1,483,091
Cost of materials used	16	(1,083,911)	(346,058)
Staff costs		(517,151)	(385,649)
Depreciation and amortisation charge		(219,734)	(69,771)
Outside services		(677,393)	(435,254)
Variation in operating allowances		(22,883)	(23,395)
Other expenses		(4,738)	(4,262)
OPERATING EXPENSES		(2,525,810)	(1,264,389)
PROFIT FROM OPERATIONS		285,948	218,702
Finance income		19,125	10,882
Finance costs		(131,874)	(32,247)
Exchange differences (net)		1,954	(1,439)
FINANCIAL LOSS	17	(110,795)	(22,804)
Result of companies accounted for using the equity method	8	(6,025)	(29,160)
Loss from other investments	7	(2,709)	(458)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		166,419	166,280
Income tax	20	64,357	2,944
PROFIT FROM CONTINUING OPERATIONS		230,776	169,224
Loss after tax from discontinued operations	18	(449)	(9,724)
CONSOLIDATED PROFIT FOR THE YEAR		230,327	159,500
Profit attributed to minority interests		(1,418)	(6,691)
PROFIT ATTRIBUTED TO THE PARENT		228,909	152,809
BASIC EARNINGS PER SHARE (in euros)	22	1.10	0.74

The accompanying Notes 1 to 30 are an integral part of the Consolidated Income Statements for 2006 and 2005.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted in Europe (see Notes 2-a and 30).

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

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS FOR 2006 AND 2005
(Thousands of euros)

	2006	2005
PROFIT FROM OPERATIONS	285,948	218,702
Depreciation and amortisation charge	219,734	69,771
Changes in working capital	118,670	40,110
Inventories	(166,049)	(4,619)
Accounts receivable	(452,906)	(37,723)
Accounts payable	737,250	83,052
Other current assets	375	(600)
CASH FLOWS FROM OPERATING ACTIVITIES ⁽¹⁾	624,352	328,583
Recurrent investments	(199,094)	(104,875)
Investments in intangible assets	(106,480)	(46,251)
Investments in property, plant and equipment	(92,298)	(57,684)
Investment property	(316)	(940)
OPERATING CASH FLOW ⁽¹⁾	425,258	223,708
Investments in non-current financial assets and other non-recurrent investments	(1,041,331)	(407,637)
Financial loss	(110,796)	(22,804)
Dividends paid	(30,204)	(25,686)
Other	(1,195,746)	3,126
Effect of inclusion of Sogecable in scope of consolidation	(1,195,663)	-
Other	(83)	3,126
CHANGE IN NET DEBT IN THE YEAR ⁽²⁾	(1,952,819)	(229,293)

⁽¹⁾ EUR 171,455 thousand of "Cash Flows from Operating Activities" and of "Operating Cash Flow" relate to the inclusion of Sogecable in the scope of consolidation.

⁽²⁾ EUR (1,024,208) thousand of "Change in Net Debt in the Year" relate to the inclusion of Sogecable in the scope of consolidation.

NET DEBT AT BEGINNING OF YEAR	(602,895)	(373,602)
Change in cash and cash equivalents and current financial assets	511,328	(2,158)
Change in bank borrowings	(2,464,147)	(227,135)
NET DEBT AT END OF YEAR	(2,555,714)	(602,895)

The accompanying Notes 1 to 30 are an integral part of the Consolidated Cash Flow Statements for 2006 and 2005.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRSs as adopted in Europe (see Notes 2-a and 30).

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

PROMOTORA DE INFORMACIONES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2006 AND 2005
(Thousands of euros)

	Share Capital	Share Premium	Reserves	Reserves for First-Time Application of IFRSs	Prior Years' Accumulated Profit	Treasury Shares	Exchange Differences	Accumulated Profit for the Year	Equity Attributed to the Parent	Minority Interests	Total Equity
Balance at 31 December 2004	21,881	108,369	455,247	(72,535)	94,756	(29,706)	107	122,453	700,572	15,744	716,316
Treasury share transactions											
- Delivery of treasury shares						73			73		73
- Sale of treasury shares						583			583		583
- Purchase of treasury shares						(3,716)			(3,716)		(3,716)
Distribution of 2004 profit											
- Directors' remuneration								(1,382)	(1,382)		(1,382)
- Dividends								(25,686)	(25,686)		(25,686)
- Reserves			36,232		59,153			(95,385)			
Income and expense recognised in equity											
- Translation differences					16,861		10,532		27,393		27,393
- Change in revaluation reserves					3,622				3,622		3,622
- Other			2,789		(10,698)				(7,909)		(7,909)
Changes in minority interests											
- Dividends paid during the year										(4,640)	(4,640)
- Due to changes in scope of consolidation										1,009	1,009
- Other										92	92
Profit for 2005								152,809	152,809	6,691	159,500
Balance at 31 December 2005	21,881	108,369	494,268	(72,535)	163,694	(32,766)	10,639	152,809	846,359	18,896	865,255
Treasury share transactions											
- Delivery of treasury shares						63			63		63
- Sale of treasury shares						1,641			1,641		1,641
- Purchase of treasury shares						(7,819)			(7,819)		(7,819)
Distribution of 2005 profit											
- Directors' remuneration								(1,322)	(1,322)		(1,322)
- Dividends								(30,204)	(30,204)		(30,204)
- Reserves			76,640		44,643			(121,283)			
Income and expense recognised in equity (Note 9.f)											
- Translation differences					(11,360)		(9,142)		(20,502)		(20,502)
- Change in revaluation reserves					4,123				4,123		4,123
- Due to effect of tax reform on tax assets and liabilities recognised in prior years			(544)		(70,803)				(71,347)		(71,347)
- Other			4,799		41,076				45,875		45,875
Changes in minority interests											
- Dividends paid during the year										(20,163)	(20,163)
- Due to changes in scope of consolidation										166,135	166,135
- Due to changes in percentage of ownership										24,863	24,863
- Due to effect of tax reform on tax assets and liabilities recognised in prior years										(93,891)	(93,891)
- Other										64,200	64,200
Profit for 2006								228,909	228,909	1,418	230,327
Balance at 31 December 2006	21,881	108,369	575,163	(72,535)	171,373	(38,881)	1,497	228,909	995,776	161,458	1,157,234

The accompanying Notes 1 to 30 are an integral part of the Consolidated Statements of Changes in Equity for 2006 and 2005.

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

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

Notes to the Consolidated Financial Statements for 2006 and 2005 prepared
in accordance with International Financial Reporting Standards
as adopted in Europe

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2006 AND 2005
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING
STANDARDS (IFRSs) AS ADOPTED IN EUROPE**

(1) DESCRIPTION AND FINANCIAL STATEMENTS OF THE GROUP

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

The Group's consolidated financial statements for 2005 were approved by the shareholders at the Annual General Meeting on 23 March 2006.

The consolidated financial statements for 2006, which were authorised for issue by the Company's directors on 15 February 2007, will be submitted for approval at the Annual General Meeting and it is considered that they will be approved without any changes.

These financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are accounted for in accordance with the policies described in Note 3-p.

(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRSs)

The consolidated financial statements for 2006 were prepared in accordance with International Financial Reporting Standards (hereinafter "IFRSs") as adopted by the European Union in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of

the Council, taking into account all mandatory accounting policies and rules and measurement bases with a material effect and the alternative treatments permitted by IFRSs in this respect.

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

- IFRSs are applied in the preparation of the consolidated financial information for the Group. The individual financial statements of the companies composing the Group continue to be prepared and presented in accordance with Spanish GAAP.
- In accordance with IFRSs, these consolidated financial statements include the following consolidated statements of the Group for 2006:
 - Consolidated balance sheet
 - Consolidated income statement
 - Consolidated statement of changes in equity
 - Consolidated cash flow statement
- As required by IFRSs, the Group presents, for comparison purposes, the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for 2005, prepared in accordance with IFRSs.
- As required by IAS 8, uniform accounting policies and measurement bases were applied by the Group for like transactions, events and items in 2006 and 2005.

b) Fair presentation and accounting policies

The consolidated financial statements were obtained from the individual financial statements of Prisa and its Subsidiaries and, accordingly, they present fairly the Group's consolidated equity and financial position at 31 December 2006, and the consolidated results of its operations, the changes in consolidated equity and the consolidated cash flows in the year then ended. The Group prepared its financial statements on a going concern basis and, with the exception of the cash flow statement, in accordance with the accrual basis of accounting.

Given that the accounting policies and measurement bases applied in preparing the Group's consolidated financial statements for 2006 may differ from those applied by some of the Group companies, the necessary adjustments and reclassifications were made on consolidation to unify these policies and bases and to make them compliant with the IFRSs adopted in Europe.

c) Responsibility for the information and use of estimates

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

In the consolidated financial statements for 2006 estimates were occasionally made by management of the Group and of the entities in order to quantify certain assets, liabilities and obligations reported therein. These estimates refer basically to the following:

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

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

d) Basis of consolidation

The consolidation methods applied were the following:

Full consolidation -

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

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

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

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

The interests of minority shareholders are established in proportion to the fair values of the recognised assets and liabilities. Therefore, any loss applicable to minority interests that exceeds said minority interests is attributed to the Parent.

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

Proportionate consolidation -

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

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

Equity method -

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

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

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

Other matters -

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

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

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

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

e) Changes in the scope of consolidation

The most significant changes in the scope of consolidation in 2006 were as follows:

Subsidiaries-

Productora Asturiana de Televisión, S.A., which had previously been accounted for using the equity method, started to be fully consolidated in January 2006.

The 100% stake in Ciudad Real Noticias, S.A., a wholly-owned investee of Ediciones LM, S.L., was also sold in January 2006.

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. Following this transaction, Prisa maintained its 80% ownership interest in Sociedad de Servicios Unión Radio, S.L. and all the investments contributed were fully consolidated.

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. Consequently, all the investments contributed were fully consolidated.

In March 2006, Grupo Latino de Radio, S.L. acquired a 100% stake in W3 Comm Inmobiliaria, S.A. de C.V.

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 fully paid 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. Consequently, in April 2006, the Sogecable Group started to be fully consolidated.

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.

In June 2006, Santillana, S.A. (Peru) sold its holding in Librerías Crisol, S.A. (Peru).

Factoría Plural, S.L., a 51%-owned investee of Plural Entertainment España, S.L., was formed in September 2006. Subsequently, the stake in Chip Audiovisual, S.A. was transferred from Promotora de Emisoras de Televisión, S.A. to Factoría Plural, S.L. As a result, this company ceased to be accounted for by the equity method and started to be fully consolidated.

Also in September 2006, Grupo Latino de Radio, S.L. sold its investments in Radio Latina, S.A. and Regie Musique Latina, S.A.R.L.

In October 2006, El Correo de la Costa del Sol, S.L. was merged by absorption into Espacio Editorial Andaluza Holding, S.L.

In November 2006, GLR LLC was merged through a transfer of assets with GLR Services Inc, a wholly-owned subsidiary of Grupo Latino de Radio, S.L. This company had been fully consolidated until then.

Also in November 2006, Ona Catalana, S.A. acquired 52.06% of Radio La Cerdanya, S.A. thereby increasing its holding to 100%.

In December 2006, Espacio Editorial Andaluza Holding, S.L. sold its holding in Odiel Press, S.L., a company engaging in the publication and operation of the *Odiel Información* newspaper in Huelva.

Also in December 2006, Gestión de Logística Editorial, S.L. acquired a 60% holding in Distritoledo, S.L.

Additionally, the following Group companies were dissolved in 2006: Gran Vía Musical, Inc., Telecomunicaciones Empresariales del Sur, S.L., Teleonda Ciudad Real, S.L., Diario El País Internacional, S.A., Trokar de Colombia, S.A. and Ediciones La Mirada, S.A.

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

	Thousands of Euros	
	Sogecable, S.A.	Other
Non-current assets	366,339	54
Current financial assets and cash and cash equivalents	467	224
Other current assets	107,459	335
Current and non-current liabilities	(417,480)	(609)
Fair value of net assets acquired	56,785	4
Goodwill	942,734	1,891
Consideration in cash	999,519	250
Other consideration	-	1,645
Total consideration	999,519	1,895

The 2006 figures include mainly the effect of the consolidation of the Sogecable Group by the full consolidation method. The following table presents, for comparison purposes, the main income statement items for 2005 resulting from the consolidation of the Sogecable Group by the same method as in 2006:

	Thousands of Euros	
	31/12/06	31/12/05
Operating revenue	2,811,758	2,571,252
Operating expenses	(2,525,810)	(2,338,926)
Profit from operations	285,948	232,326

The assets of the Sogecable Group account for 37.95% of the Group's total assets.

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

	Thousands of Euros
	31/12/06
Non-current assets	(1,520)
Current financial assets and cash and cash equivalents	(602)
Other current assets	(2,785)
Current and non-current liabilities	2,423
Fair value of net assets sold	(2,484)
Consideration in cash	4,824
Other consideration	300
Total consideration	5,124

Associates-

In March 2006, Grupo Latino de Radio, S.L. acquired 48.98% of W3 Comm Concesionaria, S.A. de C.V.

In May 2006, Distribuidora de Publicaciones Boreal, S.L., a 29%-owned investee of Redprensa, S.A., exercised its call option on 50% of Distrialicia, S.L. and increased its holding in this company to 100%.

In September 2006, Distrimedios, S.L., a 29%-owned investee of Redprensa, S.L., acquired a further 20% stake in Distribuciones Ricardo Rodríguez, S.L., thus increasing its investment to 70%.

In comparing information for 2006 and 2005, these changes, the effect of which is presented separately in these notes to the consolidated financial statements in the "*Changes in Scope of Consolidation*" column, should be taken into account.

(3) ACCOUNTING POLICIES

The principal accounting policies used in preparing the accompanying consolidated financial statements for 2006 and 2005 were as follows:

a) Presentation of the consolidated financial statements

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

b) Property, plant and equipment

"Property, Plant and Equipment" is carried at cost, net of the related accumulated depreciation and of any impairment losses.

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

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

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

Property, plant and equipment 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:

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

The amounts arising from the revaluation made pursuant to Royal Decree-Law 7/1996 are depreciated over the years of the residual useful life of the revalued assets at 31 December 1996.

The cost of assets held under finance leases is presented under the “*Non-Current Assets – Property, Plant and Equipment*” line item corresponding to the asset leased, and is depreciated over the expected useful life using the same method as that used to depreciate owned assets or, where shorter, over the term of the relevant lease.

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

c) Investment property

Investment property is valued at cost of acquisition less any accumulated depreciation. At 31 December 2006, the carrying amount of these assets was EUR 12,331 thousand and their market value was approximately EUR 99,224 thousand. This market value was determined on the basis of reports prepared by independent experts.

Investment property is mainly property earmarked for lease under operating leases. The rental income earned in 2006 from the rental of such property amounted to approximately EUR 3,393 thousand and is recorded under “*Other Income*” in the accompanying consolidated income statement.

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

d) Goodwill

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

- If it is attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (or lower) than the carrying amounts at which they had been recognised in their balance sheets and whose accounting treatment was similar to that of the same assets (or liabilities) of the Group.
- If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
- The remaining amount is recognised as goodwill.

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

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

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

The Group prepares long-term business plans for its investments on the basis of its knowledge of the medium, the best available estimates of the conditions and future performance of the market and of the macroeconomic variables, the forecast operational business performance, compliance with legal requirements and the Group's future strategy. In relation to these business plans, the Group will obtain medium- and long-term profits that will allow it to recover the acquisition cost paid in excess of the fair value of the identifiable assets and liabilities acquired.

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

e) Intangible assets

The main items included under this line item and the measurement bases used were as follows:

Computer software-

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

Prototypes-

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

New subscribers - Installation and connection -

This item includes the direct costs incurred for the installation of equipment and the connection of new subscribers to digital satellite pay TV, net of accumulated amortisation. These costs are amortised over a useful life of seven years, which is the estimated average subscription period. The Group writes off the unamortised costs in this connection relating to subscriptions cancelled during the year.

As required by IAS 38 for the recognition of an intangible asset, these costs are individually identifiable by subscriber, are directly controlled by Sogecable, S.A. and future economic benefits will flow from them for the digital satellite pay TV business.

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

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

Advances on copyrights -

This account includes the advances paid to authors for the acquisition of book publishing rights. These advances are charged to the income statement from the date on which the book is launched on the market, at the rate established in each contract, which is applied to the book cover price. These items are presented in the balance sheet at cost, less the portion

charged to income. This cost is reviewed each year and, where necessary, an allowance is booked based on the projected sales of the related publication.

Audiovisual rights-

This item in the accompanying consolidated balance sheet includes:

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

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

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

- *Screening rights and negatives-* The negatives relate to the screening rights to which the Group holds perpetual title. The related acquisition cost is amortised by the declining-balance method over the term of the rights (ten years in the case of negatives).
- *Other rights-* These relate to the advances paid by CanalSatélite Digital, S.L. for the acquisition of the television and audiovisual rights to broadcast Spanish First and Second Division Football League and Knockout Cup matches (except for the final) under the pay-per-view system until the 2008/2009 season. These last-mentioned rights are currently assigned to Audiovisual Sport, S.L. under a usufruct arrangement. These amounts are amortised over the term of the related contracts.

Also, this item in the accompanying consolidated balance sheet at 31 December 2006 includes the cost of various long-term audiovisual and publicity rights (including both the cost of rights currently being exploited and the cost of the options to exploit these rights in the future). These rights are amortised, on the basis of the income obtained therefrom, over the term of the related contracts. At the date of preparation of these consolidated financial statements no decision had been made not to exercise these options, which were recognised at their expected recoverable amount.

“Other Rights” also includes the costs incurred in developing new thematic television channels; these costs are amortised, on the basis of the projected trend in the number of subscribers, over the life of the channels.

Lastly, this item also includes the advances paid to suppliers of audiovisual rights, which will be recovered at long term.

Other intangible assets-

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

f) Impairment losses

At each balance sheet date, or whenever it is considered necessary, the Group reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment loss (if any). In the case of identifiable assets that do not generate independent cash flows, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

The recoverable amount is the higher of fair value less costs to sell and the value in use. Value in use is defined as the present value of the estimated future cash flows.

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

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

g) Investments accounted for using the equity method

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

h) Assets and liabilities held for sale

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

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Liabilities held for sale are measured at their expected redemption or repayment value.

i) Profit/Loss from discontinued operations

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

Income and expenses from discontinued operations are presented separately in the consolidated income statement under "*Profit/(Loss) after Tax from Discontinued Operations*" (see Note 18).

j) Inventories

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

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

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

1. Broadcasting rights for “Canal+”, the premium pay-TV channel:

- *Film broadcasting rights acquired from third parties*: these rights are taken to income on the basis of the viewing figures for each showing per the Group’s audience surveys. The percentages charged for each showing of a film are as follows:

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

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

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

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

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

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

k) Financial instruments

Non-current financial assets-

“Non-Current Financial Assets” includes the following categories:

- *Loans and receivables*: these assets are recognised at amortised cost, i.e. cash delivered less principal repayments, plus accrued interest receivable, in the case of loans, and the present value of the related consideration in the case of receivables. The Group records the related allowance for the difference between the recoverable amount of the receivables and their carrying amount.
- *Held-to-maturity investments*: investments that the Group has the intention and ability to hold to the date of maturity. They are carried at amortised cost. At 31 December 2006 and 2005, the Group had no assets classified in this category.
- *Financial assets at fair value through profit or loss*: this category includes the held-for-trading financial assets and financial assets which are managed and valued using the fair value model.
- *Available-for-sale financial assets*: this category includes the remaining assets not included in the three categories above, which relate substantially in full to equity investments. These investments are measured in the consolidated balance sheet at fair value when it can be determined reliably. If the market value of investments in unlisted companies cannot be determined reliably, these investments are measured at acquisition cost or a lower amount if there is any indication of impairment.

Cash and cash equivalents-

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

Financial liabilities-

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

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

Derivative financial instruments and hedge accounting-

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

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

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

At year-end, each contract was measured at fair value on a case-by-case basis and changes in value were recognised in the consolidated income statement.

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

In 2006, the Sogecable Group arranged financial instruments to hedge the short-term price risk of the warrants and share options under the share option plans. These instruments are recognised at fair value by direct reference to the quoted price of the share; changes in value are recognised in the consolidated income statement.

Compound financial instruments-

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

1) Non-current provisions

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

Provisions for taxes-

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

Provisions for third-party liability-

At 31 December 2006, certain litigation and claims were in process against the Group companies arising from in the ordinary course of their operations. The Group’s legal advisers and directors consider that the outcome of these litigation and claims will not have a material effect on the financial statements for the years in which they are settled.

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

m) Revenue and expense recognition

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

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

n) Offsetting

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

o) Tax matters

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

The income tax expense or revenue is recorded in the consolidated income statement or in equity accounts in the consolidated balance sheet, depending on where the profit or losses giving rise to it originate.

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

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

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

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

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

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

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

Antena 3 de Radio, S.A. files consolidated tax returns with its subsidiaries in Spain as part of consolidated tax group 3/95 (*see Appendix I*).

p) Foreign currency transactions

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

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

q) Current/non-current classification

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

r) Share-based payments

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

s) Consolidated cash flow statements

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

- Net debt: is the amount of current and non-current "Bank Borrowings" less "Cash and Cash Equivalents", less "Current Financial Assets".
- Cash flows from operating activities: cash flows from activities constituting the main purpose of the Group's business.

- Recurrent investments: acquisitions of property, plant and equipment, intangible assets and investment property in order to maintain and, in some cases, develop the operating capacity of each business line.
- Operating cash flow: is the net cash flow from the operating activities less recurrent investments.
- Investments in financial assets: are those made to acquire investments in companies.
- Financial profit (loss): the net financial profit or loss arising from finance income and costs.
- Dividends paid: dividends paid by the Parent.

t) Working capital

In 2006 the Group's current liabilities exceeded current assets, mainly as a result of the inclusion of the Sogecable Group. The Group's directors consider that in view of the income that will be generated in the future and of the financing currently available, sufficient funds will be available to settle the Group's debts as they fall due.

In 2006 "*Cash and Cash Equivalents*" on the asset side and "*Current Bank Borrowings*" on the liability side of the consolidated balance sheet include EUR 450,000 thousand relating to transactions performed by the Group in Portugal (*see Notes 7 and 13*). The Group'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 investment and the related debt to be reclassified as non-current items.

u) Environmental impact

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

The evaluation carried out indicates that the Group does not have any environmental liability, expenses, assets, provisions or contingencies that could materially impact its equity, financial position or results.

(4) PROPERTY, PLANT AND EQUIPMENT

2006

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

	Thousands of Euros							Balance at 31/12/06
	Balance at 31/12/05	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consolidation	Additions	Disposals	Transfers	
Cost:								
Land and structures	174,714	1,471	(5,272)	48,944	4,393	(4,725)	(8,635)	210,890
Plant and machinery	345,139	1,682	(5,462)	88,508	17,026	(51,128)	(76,859)	318,906
Decoders and cards	-	-	-	751,593	27,572	(220,880)	-	558,285
Other items of property, plant and equipment	133,586	463	(2,930)	45,334	12,329	(10,609)	(1,589)	176,584
Advances and property, plant and equipment in the course of construction	22,807	112	(200)	57	30,978	(287)	(37,043)	16,424
Total cost	676,246	3,728	(13,864)	934,436	92,298	(287,629)	(124,126)	1,281,089
Accumulated depreciation:								
Structures	(44,792)	(578)	1,011	(3,037)	(3,358)	2,093	1,819	(46,842)
Plant and machinery	(214,216)	(1,421)	3,960	(44,998)	(31,450)	44,055	60,093	(183,977)
Decoders and cards	-	-	-	(598,070)	(43,283)	203,084	-	(438,269)
Other items of property, plant and equipment	(92,868)	(265)	2,154	(33,295)	(13,397)	8,951	3,197	(125,523)
Total accumulated depreciation	(351,876)	(2,264)	7,125	(679,400)	(91,488)	258,183	65,109	(794,611)
Impairment losses:								
Structures	(85)	-	-	-	-	-	-	(85)
Plant and machinery	-	-	-	(802)	-	172	-	(630)
Decoders and cards	-	-	-	(49,297)	-	17,796	-	(31,501)
Other items of property, plant and equipment	-	-	-	-	-	-	-	-
Total impairment losses	(85)	-	-	(50,099)	-	17,968	-	(32,216)
Property, plant and equipment, net	324,285	1,464	(6,739)	204,937	810	(11,478)	(59,017)	454,262

The main transactions in 2006 were as follows:

Changes in the scope of consolidation-

The changes in the scope of consolidation related to the companies detailed in Note 2-e, mainly Sogecable, S.A.

Additions-

The additions to “*Plant and Machinery*” related mainly to Sogecable, S.A., as a result of the investments in fixtures, machinery and technical equipment required to provide television services in the building located in Tres Cantos (Madrid), to Diario El País, S.L., in respect of the expansion and improvement of the production processes at the printing plants, and to Sociedad Española de Radiodifusión, S.A., in connection with the acquisition of items for the operation of the radio business.

The additions to *“Decoders and Cards”* related to the acquisitions of digital decoders by CanalSatélite Digital, S.L. and DTS Distribución de Televisión Digital, S.A.

“Other Items of Property, Plant and Equipment” include, inter alia, the investments in computer and communications equipment associated with technological projects which are being implemented by the Group.

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

Disposals-

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

The disposals of *“Decoders and Cards”*, relating to the cost, accumulated depreciation and impairment losses, arose from the retirement by the Sogecable Group of digital decoders and cards that were not in proper working order.

Transfers-

Of the total net transfers of property, plant and equipment, EUR 57,703 thousand related to the reclassification of the Dédalo Group’s assets to *“Assets Held for Sale”* (see Note 14).

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

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

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

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

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

The 2006 depreciation charge relating to property, plant and equipment revalued pursuant to Royal Decree-Law 7/1996, of June 7, amounted to EUR 106 thousand.

The Group companies take out insurance policies to cover the potential risks to which the various items of property, plant and equipment are exposed. At 31 December 2006, the insurance policies taken out sufficiently covered the related risks.

2005

The changes in 2005 in “*Property, Plant and Equipment*” in the consolidated balance sheet were as follows:

	Thousands of Euros							
	Balance at 31/12/04	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consolidation	Additions	Disposals	Transfers	Balance at 31/12/05
Cost:								
Land and structures	150,484	1,380	8,204	6,230	9,193	(4,778)	4,001	174,714
Plant and machinery	326,715	1,649	8,885	3,197	13,368	(14,360)	5,685	345,139
Other items of property, plant and equipment	118,125	816	4,699	525	10,350	(5,114)	4,185	133,586
Advances and property, plant and equipment in the course of construction	18,033	2	756	-	24,773	(2,603)	(18,154)	22,807
Total cost	613,357	3,847	22,544	9,952	57,684	(26,855)	(4,283)	676,246
Accumulated depreciation:								
Structures	(39,364)	(651)	(1,561)	(1,045)	(2,648)	184	293	(44,792)
Plant and machinery	(195,266)	(1,320)	(6,601)	(3,192)	(20,830)	13,630	(637)	(214,216)
Other items of property, plant and equipment	(81,274)	(673)	(3,637)	(864)	(11,130)	4,067	643	(92,868)
Total accumulated depreciation	(315,904)	(2,644)	(11,799)	(5,101)	(34,608)	17,881	299	(351,876)
Impairment losses:								
Structures	(282)	-	-	-	-	197	-	(85)
Plant and machinery	(240)	-	-	-	-	240	-	-
Other items of property, plant and equipment	-	-	-	-	-	-	-	-
Total impairment losses	(522)	-	-	-	-	437	-	(85)
Property, plant and equipment, net	296,931	1,203	10,745	4,851	23,076	(8,537)	(3,984)	324,285

The most significant transactions in 2005 were as follows:

Additions-

The additions to “*Advances and Property, Plant and Equipment in the Course of Construction*” included the expansion of the printing plants of Distribuciones Aliadas, S.A. in Seville and of Dédalo Heliocolor, S.L. in Guadalajara. These additions also included the renovation work performed at the floors occupied by Sociedad Española de Radiodifusión, S.A. at Gran Vía, 32, in Madrid

Disposals-

The disposals of “*Plant and Machinery*”, relating to both cost and accumulated depreciation, were due basically to the retirement of fully depreciated assets.

At 31 December 2005, the carrying amount of property, plant and machinery subject to ownership restrictions totalled EUR 1,957 thousand.

At 31 December 2005, Diario El País, S.L. had firm property, plant and equipment purchase commitments amounting to EUR 5,425 thousand to improve the production processes at its printing plants in Madrid and Barcelona.

At 31 December 2005, the Prisa Group's fully depreciated property, plant and equipment items in use amounted to EUR 138,463 thousand.

At 31 December 2005, "Property, Plant and Equipment" in the consolidated balance sheet included assets held under finance leases amounting to EUR 10,423 thousand.

In 1996, pursuant to the applicable asset revaluation legislation, the cost of the various property, plant and equipment line items was increased. The consolidated detail of this revaluation at 31 December 2005 is as follows:

	Thousands of Euros
Land and structures	10,808
Plant and machinery	5,497
Other items of property, plant and equipment	701
Total	17,006

The 2005 depreciation charge relating to property, plant and equipment revalued pursuant to Royal Decree-Law 7/1996, of June 7, amounted to EUR 121 thousand.

(5) GOODWILL

2006

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

	Thousands of Euros					Balance at 31/12/06
	Balance at 31/12/05	Translation Adjustment	Changes in Scope of Consolidation/ Additions	Impairment Losses	Transfers	
Antena 3 de Radio, S.A.	-	-	6,859	-	-	6,859
Editora Moderna, Ltda.	60,565	-	-	-	-	60,565
Editora Objetiva, Ltda.	8,345	-	-	-	-	8,345
Espacio Editorial Andaluza Holding, S.L.	14,994	-	-	-	-	14,994
Gerencia de Medios, S.A.	33,944	-	-	-	-	33,944
Grupo Latino de Radio, S.L.	9,109	-	-	-	-	9,109
Ona Catalana, S.A.	20,086	-	-	-	-	20,086
Sistema Radiópolis, S.A. de C.V.	31,338	-	-	-	-	31,338
Sogecable, S.A.	-	-	1,031,067	-	309,130	1,340,197
Other companies	47,351	(662)	2,221	(15)	(11,635)	37,260
Total	225,732	(662)	1,040,147	(15)	297,495	1,562,697

Changes in the scope of consolidation and additions -

The goodwill of Antena 3 de Radio, S.A. arose from the change in the consolidation method used for this company, which in prior years was accounted for using the equity method, and related to the goodwill disclosed at this company relating to its subsidiaries.

The changes in the goodwill of Sogecable, S.A. related to the following:

- The goodwill arising from the positive result of the takeover bid launched by Prisa whereby it acquired a further 20% ownership interest in Sogecable, S.A. (EUR 942,734 thousand).
- The inclusion of the goodwill arising on the consolidated Sogecable Group (EUR 88,332 thousand), of which EUR 85,905 thousand related to CanalSatélite Digital, S.L.

In accordance with IFRS 3, the Prisa Group began to analyse the allocation of the goodwill of Sogecable. In this analysis, the Group considered the values of recognised assets and liabilities and of unrecognised assets and liabilities or intangibles. The analysis of intangible assets included the customer base, audiovisual and sports rights and licenses and trademarks. The customer base in this business is closely linked to the audiovisual rights contracts and the value of these rights is linked to the supply contracts, which at the date of acquisition were close to maturity. A significant portion of these contracts were renewed after the acquisition by the Prisa Group. On the basis of the analysis conducted to the reporting date, no material amount to be allocated to other assets of this business was identified, except for the land on which the Sogecable Group's headquarters stand. Lastly, goodwill was allocated to each sub-segment of the Sogecable Group's business.

Transfers-

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

“Other Companies” included mainly the transfer of the goodwill relating to Dédalo Grupo Gráfico, S.L. as a result of the reclassification of the Dédalo Group’s assets to “Assets Held for Sale” (see Note 14).

Goodwill is tested for impairment on the basis of the strategic plans of the various cash-generating units to which goodwill is allocated which cover a period generally ranging from five to ten years, using certain expected growth rates and maintaining this constant growth from the last year until completing a total time horizon of up to 20 years. A pre-tax discount rate is used, which includes the related country risk and business risk rates. These calculations are performed annually or whenever there is any indication of a possible impairment in the recoverable amount of goodwill.

At 31 December 2006, the Sogecable, S.A. share price exceeded the average unit cost per books.

2005

The breakdown of the goodwill relating to fully and proportionately consolidated companies and the changes therein in 2005 were as follows:

	Thousands of Euros						Balance at 31/12/05
	Balance at 31/12/04	Translation Adjustment	Changes in Scope of Consolidation/ Additions	Impairment Losses	Disposals	Transfers	
Dédalo Grupo Gráfico, S.L.	11,639	-	3,294	-	-	-	14,933
Editora Moderna, Ltda.	60,565	-	-	-	-	-	60,565
Editora Objetiva, Ltda.	-	-	8,345	-	-	-	8,345
Espacio Editorial Andaluza Holding, S.L.	14,994	-	-	-	-	-	14,994
Gerencia de Medios, S.A.	33,944	-	-	-	-	-	33,944
Grupo Latino de Radio, S.L.	9,109	-	-	-	-	-	9,109
Ona Catalana, S.A.	-	-	20,086	-	-	-	20,086
Sistema Radiópolis, S.A. de C.V.	31,338	-	-	-	-	-	31,338
Other companies	26,818	754	3,621	(362)	(1,251)	2,838	32,418
Total	188,407	754	35,346	(362)	(1,251)	2,838	225,732

Additions-

The additions to the goodwill of Editora Objetiva, Ltda. arose from the acquisition by Santillana Ediciones Generales, S.L. of a 75% stake in the company.

The addition to the goodwill of Ona Catalana arose from the acquisition of an 85% ownership interest in this company by Sociedad Española de Radiodifusión, S.A.

(6) INTANGIBLE ASSETS

2006

The breakdown of the balance of “Intangible Assets” and the changes therein in 2006 were as follows:

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

Changes in the scope of consolidation-

The changes in the scope of consolidation related to the companies detailed in Note 2-e, mainly Sogecable, S.A., in respect of “Audiovisual Rights”, “New Subscribers – Installation and Connection” and “Computer Software”, amounting to EUR 592,185 thousand, EUR 151,161 thousand and EUR 67,525 thousand, respectively.

Additions-

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

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

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

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

Disposals-

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

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

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

2005

The breakdown of the balance of “Intangible Assets” and the changes therein in 2005 were as follows:

	Thousands of Euros							Balance at 31/12/05
	Balance at 31/12/04	Monetary Adjustment	Translation Adjustment	Changes in Scope of Consolidation	Additions	Disposals	Transfers	
Cost:								
Computer software	49,291	141	958	60	8,733	(994)	2,471	60,660
Prototypes and master copies	112,850	456	8,335	(103)	26,512	(4,739)	537	143,848
Advances on copyrights	15,857	-	541	(188)	7,219	(2,634)	(3,197)	17,598
Other intangible assets	15,593	272	1,120	1,505	3,787	(622)	1,440	23,095
Total cost	193,591	869	10,954	1,274	46,251	(8,989)	1,251	245,201
Accumulated amortisation:								
Computer software	(32,878)	(129)	(740)	(63)	(7,864)	843	(6)	(40,837)
Prototypes and master copies	(68,993)	(432)	(5,045)	75	(23,093)	2,253	236	(94,999)
Advances on copyrights	(1,892)	-	(537)	-	(3,326)	69	3,364	(2,322)
Other intangible assets	(5,484)	(156)	(472)	(541)	(704)	21	(287)	(7,623)
Total accumulated amortisation	(109,247)	(717)	(6,794)	(529)	(34,987)	3,186	3,307	(145,781)
Impairment losses:								
Computer software	-	-	-	-	-	-	-	-
Prototypes	-	(1)	-	-	100	-	(141)	(42)
Advances on copyrights	(6,254)	-	(65)	-	(1,972)	171	458	(7,662)
Other intangible assets	-	-	-	-	-	131	(131)	-
Total impairment losses	(6,254)	(1)	(65)	-	(1,872)	302	186	(7,704)
Intangible assets, net	78,090	151	4,095	745	9,392	(5,501)	4,744	91,716

The most significant transactions in 2005 were as follows:

Additions-

The additions to “*Prototypes and Master Copies*” included mainly new prototypes for the publication of books at Grupo Santillana de Ediciones, S.L. and audiovisual production costs incurred by Plural Entertainment España, S.L.

At 31 December 2005, the Prisa Group’s fully amortised intangible assets in use amounted to EUR 35,504 thousand.

(7) FINANCIAL ASSETS

Non-current financial assets

The breakdown, by type of transaction, of the balance of “*Non-Current Financial Assets*” in the consolidated balance sheet is as follows:

	Thousands of Euros						
	Balance at 31/12/05	Monetary Adjustment	Translation Adjustment	Change in Scope of Consolidation	Additions/ Charge for the Year	Disposals/ Transfers	Balance at 31/12/06
Loans and receivables	44,336	(12)	(1,356)	4,853	15,397	(13,827)	49,391
Loans to associates	13,019	-	(468)	4,038	10,719	(1,521)	25,787
Long-term loans to third parties	17,422	-	-	72	21	(8,749)	8,766
Other non-current financial assets	13,895	(12)	(888)	743	4,657	(3,557)	14,838
Financial assets at fair value through profit or loss	-	-	-	-	3,412	-	3,412
Available-for-sale financial assets	34,361	13	(23)	240	(1,417)	860	34,034
Minority equity interests	41,069	13	(34)	278	1,292	(327)	42,291
Allowance	(6,708)	-	11	(38)	(2,709)	1,187	(8,257)
Total	78,697	1	(1,379)	5,093	17,392	(12,967)	86,837

Loans and receivables

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

Financial assets at fair value through profit or loss

This item included the fair value of various interest rate and paper hedging instruments. The changes in the fair value of these financial instruments, which is provided periodically by the financial institutions with which the hedges were arranged, are recognised as finance income or cost for the year as required by IAS 39, since, in view of their nature, these instruments do not qualify for hedge accounting (see Note 13).

Available-for-sale financial assets

The balance of “*Available-for-Sale Financial Assets*” relates mainly to the Group’s 15.01% investment in Le Monde, S.A.

Cash and cash equivalents

The balance of “*Cash and Cash Equivalents*” at 31 December 2006 included EUR 450,000 thousand relating to the capital increase carried out by Prisa at Vertix S.G.P.S., S.A. in December 2006 to cater for the Prisa Group’s expansion plan in Portugal (*see Notes 13 and 23*), and EUR 48,000 thousand relating to the capital increase carried out at GLR Chile Ltda. to cater for the Prisa Group’s expansion plan for the radio business in Chile.

(8) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

2006

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

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

Investments accounted for using the equity method-

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

interest held by Promotora de Informaciones, S.A. in this company after these transactions was 21.69%.

The additions relating to Sogecable, S.A. arose from the inclusion of the companies which are accounted for using the equity method in the consolidated financial statements of the Sogecable Group, particularly Canal + Investment Inc. The disposals relating to Sogecable, S.A. arose from the change in the consolidation method used for this company since April 2006 and, accordingly, the disposal amount is adjusted for the results from January to March.

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

The disposal from Antena 3 de Radio, S.A. arose from the change in the consolidation method used for this company as a result of the transaction discussed in Note 2-e.

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

The main aggregates of the most significant companies accounted for using the equity method at 31 December 2006 were as follows:

	Thousands of Euros
Total assets	545,013
Non-current and current liabilities	384,732
Operating revenue	266,288

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

In 2006 the Group completed the allocation of goodwill relating to its holding in Media Capital SGPS, S.A. The outcome of the analysis indicated that the amounts of acquired assets, assumed assets and contingent liabilities recognised in the financial statements, adequately reflect the fair value of these items and, therefore, the initially recognised amounts were not changed.

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

2005

The Group's most significant investments in associates at 31 December 2005 were as follows:

	Thousands of Euros				
	Balance at 31/12/04	Additions	Disposals	Share of Results	Balance at 31/12/05
Investments accounted for using the equity method:					
Antena 3 de Radio, S.A.	6,803	-	(8,352)	9,085	7,536
Iberbanda, S.A.	18,110	-	-	(39,830)	(21,720)
Media Capital, SPGS, S.A.	-	41,272	-	1,136	42,408
Sogecable, S.A.	32,313	48,787	(8,877)	2,026	74,249
Other companies	11,785	3,917	(6,025)	1,219	10,896
Capital payments payable	(90)	(23)	-	-	(113)
Total	68,921	93,953	(23,254)	(26,364)	113,256
	Balance at 31/12/04	Additions	Transfers	Impairment Losses	Balance at 31/12/05
Goodwill of companies accounted for using the equity method:					
Grupo Media Capital, SPGS, S.A.	-	219,702	-	-	219,702
Grupo Sogecable	256,253	52,877	-	-	309,130
Other	6,093	2,295	(2,838)	(2,796)	2,754
Total goodwill	262,346	274,874	(2,838)	(2,796)	531,586
Total investments accounted for using the equity method	331,267				644,842

Investments accounted for using the equity method-

In 2005, Prisa acquired for EUR 25,238 thousand, through the purchase of shares on the market, an additional 0.70% holding in Sogecable, S.A. Also, in June 2005, it subscribed to the capital increase at Sogecable, S.A., subscribing shares relating to its ownership interest and acquiring an additional investment of 0.80%, for a total amount of EUR 74,709 thousand. As a result of these transactions, Prisa's ownership interest in Sogecable, S.A. rose from 23.00% to 24.50% in 2005.

The addition of Media Capital, SPGS, S.A. arose from the purchase by Promotora de Informaciones, S.A. of all the shares of Vertex, SPGS, S.A., which holds 33% of Media Capital, SPGS, S.A. Within the framework agreement for the transaction, the sellers granted Prisa pre-emption rights on the Media Capital, SPGS, S.A. shares owned by them and those that they might come to own, up to a maximum of 13.32% of the share capital.

The remaining additions related basically to acquisitions of shareholdings and the incorporation of companies, the most significant being Promotora de Emisoras de Televisión, S.A., the holding company of the local television business, which continued to expand throughout 2005.

The disposals related primarily to dividends paid by the companies and to exclusions from the scope of consolidation, as in the case of Field Mateu, S.L.

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

The additions to the goodwill of Grupo Media Capital, SGPS, S.A. and Sogecable, S.A. arose from the acquisition of investments in these companies as discussed above.

(9) EQUITY

a) 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 Parent 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%.

b) Share premium

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

c) Reserves

Revaluation reserve 1983-

Pursuant to the legislation on the revaluation of property, plant and equipment and intangible assets published in 1983, the cost and accumulated depreciation and 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 amounted to EUR 10,650 thousand at 31 December 2006 and is unrestricted since that date.

Legal reserve-

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

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

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

Reserve for treasury shares-

Under Article 79 of the Consolidated Spanish Companies Law, when a company acquires treasury shares, it must record on the liability side of the balance sheet a restricted reserve equal to the carrying amount of the treasury shares 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 Parent's bylaws, at least 10% of the profit after tax must be transferred to a reserve each year until the balance of this reserve reaches at least 20% and does not exceed 50% of the paid-in share capital. This reserve had reached this level at 31 December 2005.

d) Reserves for first-time application of IFRSs

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

e) Prior years' accumulated profit

The breakdown, by company, of "Prior Years' Accumulated Profit" at 31 December 2006 and 2005 is as follows:

	Thousands of Euros	
	31/12/06	31/12/05
Press	98,728	60,902
País	93,525	62,300
Spanish press	7,751	3,173
International press	(2,548)	(4,571)
Radio	12,977	(17,756)
Radio in Spain	(3,618)	1,361
International Radio	16,595	(19,117)
Education	131,964	117,096
Audiovisual	(125,740)	(21,715)
Digital	(29,492)	(27,046)
Printing	(284)	6,208
Distribution	4,582	3,158
Media advertising sales	6,382	5,518
Other	125,795	108,402
Prisa	165,665	107,844
Other	(39,870)	558
Total reserves of fully consolidated companies	224,912	234,767
Press	3,599	1,751
Radio	(2,168)	(5,042)
Radio in Spain	-	(5,042)
International Radio	(2,168)	-
Audiovisual	(2,472)	(55,694)
Digital	(229)	(209)
Distribution	1,132	681
Other	(53,401)	(12,560)
Total reserves of companies accounted for using the equity method	(53,539)	(71,073)
Total prior years' accumulated profit	171,373	163,694

Following is a detail, by company, of the effect of the accounting revaluation made pursuant to Royal Decree Law 7/1996 on prior years' accumulated profit at 31 December 2006 and 2005:

	Thousands of Euros	
	31/12/06	31/12/05
Diario El País, S.L.	5,184	5,184
Sociedad Española de Radiodifusión, S.A.	2,533	2,533
Total	7,717	7,717

f) Total income and expense recognised in the year

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

	Thousands of Euros
	31/12/06
NET INCOME RECOGNISED DIRECTLY IN EQUITY	(41,851)
In reserves	4,255
Arising from gains on treasury share transactions	3,777
Arising from the valuation of share option plans	1,023
Arising from the effect of the tax reform on tax assets and liabilities recognised in prior years	(544)
Arising from other transactions	(1)
In prior years' accumulated profit	(36,964)
Arising from translation differences	(11,360)
Arising from asset revaluations	4,123
Arising from the effect of the tax reform on tax assets and liabilities recognised in prior years	(70,803)
Arising from capital increases with share premium subscribed by other shareholders	42,449
Other transactions	(1,373)
In exchange differences	(9,142)
Arising from translation differences	(9,142)
PROFIT FOR THE YEAR	228,909
TOTAL INCOME AND EXPENSE RECOGNISED IN THE YEAR	187,058

g) Treasury shares

The changes in "Treasury Shares" in 2006 and 2005 were as follows:

	2006		2005	
	Number of Shares	Amount (Thousands of Euros)	Number of Shares	Amount (Thousands of Euros)
At the beginning of year	10,940,625	32,766	10,940,625	29,706
Purchases	527,550	7,819	234,959	3,716
Sales	(508,712)	(1,641)	(208,219)	(583)
Deliveries	(18,838)	(63)	(26,740)	(73)
At end of year	10,940,625	38,881	10,940,625	32,766

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

Also, in the context of the above-mentioned issue, the Company held 6,042,400 shares on loan at 31 December 2006 and 8,623,142 shares at 31 December 2005 (*see Note 10*).

h) Exchange differences

Exchange differences amounted to EUR 1,497 thousand at 31 December 2006. The exchange differences that arose at the Brazilian investees of Grupo Santillana de Ediciones, S.A. were offset by those arising at the Group companies located in the United States.

(10) EXCHANGEABLE BONDS IN ISSUE

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

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

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

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

The amount reflected in the consolidated balance sheets at 31 December 2006 and 2005 represents the net present value of the future payments that will be generated, discounted at the discount rate used for non-convertible financial instruments with similar issue terms. The change in the balance during the year relates to the discounting effect.

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

(11) NON-CURRENT PROVISIONS

2006

The detail of the changes in 2006 in "Non-Current Provisions" is as follows:

	Thousands of Euros						Balance at 31/12/06
	Balance at 31/12/05	Translation Adjustment	Change in Scope of Consolidation	Additions	Amounts Used	Transfers	
For taxes	16,425	-	-	369	(476)	-	16,318
For third-party liability and other	5,761	(197)	41,622	1,489	(13,984)	(103)	34,588
Total	22,186	(197)	41,622	1,858	(14,460)	(103)	50,906

The "Provision for Taxes" relates to the estimated amount of tax debts arising from the inspection carried out at various Group companies (see Notes 31 and 20).

The "Provision for Third-Party Liability" relates to the estimated amount required to meet eventual claims and litigation against Group companies. The changes in the scope of consolidation and the amounts used relate mainly to the Sogecable Group.

The breakdown of the total additions to non-current provisions charged to the consolidated income statement for 2006 is as follows:

	Thousands of Euros
Termination benefits	339
Other staff costs	249
Income tax	4
Other taxes	369
Other	897
Total	1,858

2005

The detail of the changes in 2005 in "Non-Current Provisions" is as follows:

	Thousands of Euros					Balance at 31/12/05
	Balance at 31/12/04	Translation Adjustment	Change in Scope of Consolidation	Additions	Amounts Used	
For taxes	17,270	1	-	8	(854)	16,425
For third-party liability and other	4,261	406	271	3,547	(2,724)	5,761
Total	21,531	407	271	3,555	(3,578)	22,186

The breakdown of the total additions to non-current provisions charged to the consolidated income statement for 2005 is as follows:

	Thousands of Euros
Termination benefits	1,446
Other staff costs	1,232
Income tax	19
Other taxes	60
Other	798
Total	3,555

(12) OTHER NON-CURRENT LIABILITIES

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

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

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

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

Annual General Meeting authorised the Board of Directors, should the need arise, to carry out a capital increase to cover this issue.

In 2005, as part of the renegotiation of the syndicated bank loan carried out by Sogecable, S.A. with a group of banks, the Sogecable Group repaid the principal and all the accrued interest payable until that date, which totalled approximately EUR 3,006 thousand, net of tax, to all the lenders that did not subordinate their loan to the new bank financing arrangement.

Since then the Sogecable Group paid to the shareholders that maintained their subordinated loans the interest accrued in 2006 and 2005, amounting to approximately EUR 17,181 thousand, net of tax, in each year. Accordingly, at 31 December 2006, the balance of "*Other Non-Current Liabilities*" in the accompanying consolidated balance sheet included the initial loan principal outstanding, amounting to approximately EUR 172,496 thousand, plus the accrued interest capitalised at 1 January 2005, relating to the shareholders which maintained their subordinated loans at the end of each year.

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

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

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

(13) FINANCIAL LIABILITIES

Bank borrowings

The detail of the bank borrowings at 31 December 2006, of the credit limit and of the scheduled maturities is as follows:

	Thousands of Euros			
	Maturity	Credit Limit	Drawn-down Amount Maturing at Short Term	Drawn-down Amount Maturing at Long Term
Syndicated loan and credit facility to Prisa	2007-2013	1,600,000	67,774	1,404,239
Syndicated loan and credit facility to Sogecable	2007-2011	1,200,000	103,777	786,632
Syndicated bridge loan to Prisa	2007	450,000	450,000	-
Loans	2007-2011	42,137	5,267	36,870
Credit facilities	2007-2008	326,800	203,820	10,866
Finance lease and other	2007-2011	26,169	12,772	13,397
Total		3,645,106	843,410	2,252,004

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

Of the total bank borrowings at 31 December 2006, 98.44% were denominated in euros and the remainder in foreign currencies.

The average interest rate on the Group's bank borrowings was 3.68% in 2006 and 2.95% in 2005.

Syndicated loan and credit facility to Prisa-

In May 2006 Prisa 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:

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

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 Prisa, 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 Group'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 loan and credit facility to Sogecable-

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

Maturity	Thousands of Euros
2007	90,000
2008	180,000
2009	180,000
2010	225,000
2011	225,000
	900,000

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

This loan agreement stipulates that the Sogecable Group must comply with certain *general obligations*, including a limit on bank borrowings, other than that under the agreement, of EUR 100,000 thousand, and restrictions on the guarantees and financing that the Sogecable Group may provide to non-significant subsidiaries and to third parties, on changes to the control, structure and shareholdings of the Parent, on the sale or disposal by Sogecable, S.A. of shares or ownership interests in significant Group companies, on the distribution of dividends, except in certain cases, and on the sale or disposal of significant assets of these companies. The Group must also meet 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. Management of the Group considers that all the obligations inherent to this agreement were being met at the reporting date. The debt-to-EBITDA ratio established in the agreement had been slightly exceeded at 31 December 2006, although the Group's directors consider that, according to the main syndicated banks, the financing agreement will not be materially modified.

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

Under the agreement, pledges were arranged to secure the loan on all the equity interests owned by Sogecable, S.A. in the other significant companies and loan guarantors, on trademarks and other intangible and tangible assets and on present and future collection rights, as provided for by the agreement. Additionally, the mortgage securing the loan taken out on the property owned by the Sogecable Group in the locality of Tres Cantos (Madrid), which houses the headquarters of Sogecable, S.A., was cancelled in 2006.

Syndicated bridge loan to Prisa-

In December 2006, Prisa 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 finance the takeover bids for shares of Grupo Media Capital, S.G.P.S., S.A. and to meet the costs and/or expenses directly associated with these acquisitions. At 31 December 2006, Prisa carried out a capital increase at Vertix, S.G.P.S., S.A. for the entire loan amount. The total amount drawn down against this loan was recognised under "*Cash and Cash Equivalents*" in the accompanying balance sheet at 31 December 2006 (see Note 7).

Credit facilities-

"*Credit Facilities*" includes the amounts drawn down against credit facilities used to finance the Prisa Group companies' operating needs. The total amount of bank borrowings maturing in 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 balance sheet. The interest rate applicable to most of these loans is Euribor plus a market spread.

Financial hedges

At 31 December 2006, the Group arranged financial instruments, mainly to hedge the interest rate and foreign currency risks, with various financial institutions of renowned prestige in the domestic and international markets, which provide periodic estimates of the fair values of these instruments.

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

The breakdown, by type of risk hedged and maturity, of the financial instruments at 31 December 2006 is as follows:

	Notional Amount	Unit of Hedge	(EUR '000) Fair Value	Maturity
Interest rate risk-Prisa	780,000	Thousands of euros	2,916	2007-2011
Interest rate risk-Sogecable	721,000	Thousands of euros	(777)	2007-2008
Foreign currency risk	277,286	Thousands of US dollars	(8,357)	2007-2008
Market price risk	2,039,000	Shares	1,509	2007
Paper price risk	36,000	Tonnes	496	2007-2008

In 2006 the Group recognised a net profit of EUR 3,132 thousand relating to changes in the value of these financial instruments and a net profit of EUR 4,173 thousand relating to settlements made.

Interest rate hedges

The Group is exposed to variations in the interest rate curves as all its bank borrowings are at floating interest rates. Accordingly, the Group has taken out Euribor interest rate hedges in order to ensure a maximum rate.

Foreign exchange hedges

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

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

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

(14) ASSETS AND LIABILITIES HELD FOR SALE

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. Also in 2006, an agreement was entered into with the shareholders of Dédalo Grupo Gráfico, S.L. whereby Prisa is empowered to convert into equity, before 2 April 2007, loans amounting to EUR 15,000 thousand, which would increase the Group's holding in this company to 60.71%. This power had not been exercised at the reporting date.

Subsequent to year-end, Dédalo Grupo Gráfico, S.L. reached a non-binding agreement with a leading group in the industry for the merger of the printing businesses of the two groups in Spain. The analysis of the business plans of the post-merger company and the financial outlook for this company do not provide any indication that the value of the Group's assets may be impaired.

The main balance sheet line items relating to assets and liabilities classified as held for sale at 31 December 2006 are as follows:

	Thousands of Euros
NON-CURRENT ASSETS	79,959
Property, plant and equipment	58,394
Cost	123,596
Accumulated depreciation	(65,202)
Goodwill	11,640
Intangible assets	588
Cost	1,986
Accumulated amortisation	(1,398)
Non-current financial assets	165
Deferred tax assets	9,172
CURRENT ASSETS	14,012
Inventories	5,858
Trade and other receivables	8,024
Current financial assets	1
Cash and cash equivalents	129
TOTAL ASSETS HELD FOR SALE	93,971

	Thousands of Euros
NON-CURRENT LIABILITIES	31,911
Non-current bank borrowings	27,458
Deferred tax liabilities	2,813
Provisions	103
Other non-current liabilities	1,537
CURRENT LIABILITIES	35,254
Trade payables	14,464
Payable to associates	147
Other non-trade payables	7,440
Current bank borrowings	12,051
Payable to public authorities	1,152
TOTAL LIABILITIES HELD FOR SALE	67,165

The results contributed by the companies included in the aforementioned agreement in 2006 were as follows:

	31/12/06
Operating revenue	57,261
Operating expenses	(66,410)
Loss from operations	(9,149)
Financial loss	(2,650)
Loss before taxes from continuing operations	(11,799)
Income tax	3,303
Loss attributed to the Parent	(8,496)

(15) OPERATING REVENUE

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

	Thousands of Euros	
	31/12/06	31/12/05
Revenue from subscribers	795,595	-
Advertising sales and sponsorships	765,202	524,748
Sales of books, rights and training	475,538	403,857
Newspaper and magazine sales	200,824	203,900
Sales of add-ons and collections	99,782	151,979
Printing services	53,755	58,736
Sale of audiovisual rights and programmes	219,342	25,711
Intermediary services	22,565	31,215
Broadcasting services	23,336	-
Other services	71,813	25,820
Revenue	2,727,752	1,425,966
Income from fixed assets	27,794	2,820
Other income	56,212	54,305
Other income	84,006	57,125
Total operating revenue	2,811,758	1,483,091

(16) OPERATING EXPENSES

Staff costs

The detail of "Staff Costs" is as follows:

	Thousands of Euros	
	31/12/06	31/12/05
Wages and salaries	408,104	305,092
Social security costs	82,331	58,970
Termination benefits	8,835	12,266
Share-based payment costs	1,023	1,023
Other employee welfare expenses	16,858	8,298
Total	517,151	385,649

The average number of employees at the Group in 2006, by professional category, was as follows:

	Number of Employees	
	31/12/06	31/12/05
Executives	454	421
Middle management	1,514	1,358
Qualified line personnel	4,627	3,927
Other employees	5,412	3,930
Total	12,007	9,636

Share-based payments

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

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

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

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

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.

Share option plan of Sogecable, S.A.-

At the Annual General Meetings of Sogecable, S.A. on 16 May 2000 and 13 May 2003, the shareholders resolved to establish share option plans for the Sogecable Group's executive directors and executives, exercisable annually between 2003 and 2008. In 2006 and 2005 the related share option plans exercised by the Sogecable Group's executive directors and executives expired, there being a total of 108 and 84 beneficiaries, respectively. The options exercised in 2006 and 2005 were covered by redeemable share issue plans.

At 31 December 2006 and 2005, there were approved plans outstanding for a total of 855,504 and 1,260,504 shares, respectively, maturing in 2007 and 2008, in the first case, and in 2006, 2007 and 2008 in the second. Pursuant to IFRS 2, at 31 December 2006 and 2005, the Sogecable Group recognised a liability for the maximum cost at those dates of implementing the approved plans outstanding. This cost is periodically revised on the basis of the share price, and any changes in value are recognised in the consolidated income statement for the year in conformity with IFRS 2. The total effect of the change in value on the consolidated income statements was income of EUR 8,905 thousand in 2006 and an expense of EUR 4,539 thousand in 2005.

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

The detail of the approved option plans outstanding at 31 December 2006 and of the related maturities is as follows:

Year Granted	Maturity	Number of Share Options
2004	2007	386,500
2005	2008	469,004

Audit 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 (2005: EUR 1,168 thousand). Also, the fees charged in this connection by other auditors participating in the audit of the various Group companies totalled EUR 337 thousand (2005: EUR 220 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 (2005: EUR 361 thousand), while the fees paid in this connection to other auditors participating in the audit of the various Group companies amounted to EUR 63 thousand (2005: EUR 116 thousand).

(17) FINANCIAL LOSS

The breakdown of the balance of “*Financial Loss*” in the consolidated income statements is as follows:

	Thousands of Euros	
	31/12/06	31/12/05
Income from non-current financial assets	827	1,182
Income from changes in value of financial instruments at fair value	3,969	-
Income from equity investments	304	333
Other finance income	14,025	9,367
Finance income	19,125	10,882
Interest on debt	(97,374)	(17,412)
Expenses from changes in value of financial instruments at fair value	(8,697)	-
Adjustments for inflation	(1,763)	(1,786)
Other finance costs	(24,040)	(13,049)
Finance costs	(131,874)	(32,247)
Exchange gains	10,988	5,569
Exchange losses	(9,034)	(7,008)
Exchange differences (net)	1,954	(1,439)
Financial loss	(110,795)	(22,804)

(18) DISCONTINUED OPERATIONS

The breakdown of the loss from discontinued operations included in the consolidated income statements is as follows:

	Thousands of Euros	
	31/12/06	31/12/05
Revenue	2,153	1,784
Expenses	(2,676)	(8,610)
Pre-tax loss	(523)	(6,826)
Allocable taxes	112	474
Net loss attributable to discontinued operations	(411)	(6,352)
Loss on disposal of discontinued operations	(38)	(3,372)
Discontinued operations	(449)	(9,724)

The loss from discontinued operations for 2006 relates to Odiel Press, S.L. and Ocio Media Realizaçao de Eventos e Publicidades, S. A.

On 26 December 2005, the Group entered into an agreement for the sale of El Diablo Distribución, S.L., which performed all the music sales and distribution activities for the Group. The transaction was completed on 1 January 2006, when control over El Diablo Distribución, S.L. was transferred to the acquirer.

(19) BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Primary segments - Business segments

The business lines described below were established on the basis of the Prisa Group's organisational structure at 2006 year-end, taking into account, on the one hand, the nature of the products and services offered and, on the other, the customer segments at which they are targeted.

Segment reporting for these businesses for 2006 and 2005 is as follows:

	PRESS		RADIO		EDUCATION		AUDIOVISUAL		OTHER		PRISA GROUP	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Operating revenue	564,938	625,024	375,805	314,822	488,810	419,399	1,272,350	45,488	109,855	78,358	2,811,758	1,483,091
- External sales	414,870	476,848	352,004	299,390	483,908	410,395	1,254,173	41,445	306,803	255,013	2,811,758	1,483,091
- Inter-segment sales	150,068	148,176	23,801	15,432	4,902	9,004	18,177	4,043	(196,948)	(176,655)	-	-
Operating expenses	(436,947)	(468,268)	(295,185)	(270,924)	(428,668)	(371,381)	(1,269,641)	(65,038)	(95,368)	(88,778)	(2,525,810)	(1,264,389)
- Cost of materials used	(164,859)	(173,559)	(17,355)	(22,774)	(134,731)	(109,266)	(742,232)	(22,737)	(24,734)	(17,722)	(1,083,911)	(346,058)
- Staff costs	(109,183)	(108,846)	(102,420)	(87,839)	(119,543)	(107,677)	(114,178)	(15,928)	(71,827)	(65,359)	(517,151)	(385,649)
- Depreciation and amortisation charge	(14,449)	(13,677)	(10,177)	(9,451)	(32,414)	(30,477)	(148,890)	(4,253)	(13,804)	(11,915)	(219,734)	(69,771)
- Outside services	(146,004)	(163,226)	(162,895)	(148,465)	(124,852)	(104,898)	(260,011)	(21,527)	16,369	2,862	(677,393)	(435,254)
- Variation in operating allowances	(1,841)	(8,172)	(2,225)	(1,926)	(14,226)	(16,695)	(4,214)	(225)	(377)	3,623	(22,883)	(23,395)
- Other expenses	(611)	(788)	(113)	(469)	(2,902)	(2,368)	(116)	(368)	(995)	(269)	(4,738)	(4,262)
Profit/(Loss) from operations	127,991	156,756	80,620	43,898	60,142	48,018	2,709	(19,550)	14,487	(10,420)	285,948	218,702
Finance income	1,272	1,154	1,129	1,157	1,274	1,921	10,584	479	4,866	6,171	19,125	10,882
Finance costs	(165)	123	(3,897)	(2,875)	(7,267)	(10,394)	(64,378)	(2,488)	(56,167)	(16,613)	(131,874)	(32,247)
Exchange differences (net)	(106)	843	(867)	168	600	(1,222)	2,151	(222)	176	(1,006)	1,954	(1,439)
Financial profit/(loss)	1,001	2,120	(3,635)	(1,550)	(5,393)	(9,695)	(51,643)	(2,231)	(51,125)	(11,448)	(110,795)	(22,804)
Results of companies accounted for using the equity method	48	1,997	(326)	8,708	-	-	(1,118)	(1,317)	(4,629)	(38,548)	(6,025)	(29,160)
Loss from other investments	(28)	(31)	(104)	(91)	-	-	-	(3)	(2,577)	(333)	(2,709)	(458)
Profit/(Loss) before tax from continuing operations	129,012	160,842	76,555	50,965	54,749	38,323	(50,052)	(23,101)	(43,845)	(60,749)	166,419	166,280
Income tax	(43,493)	(53,886)	(108)	(17,525)	(17,305)	(13,637)	14,859	10,340	110,404	77,652	64,357	2,944
Profit/(Loss) from continuing operations	85,519	106,956	76,447	33,440	37,444	24,686	(35,193)	(12,761)	66,559	16,903	230,776	169,224
Loss after tax from discontinued operations	(99)	-	-	(4,761)	-	-	-	(4,963)	(350)	-	(449)	(9,724)
Consolidated profit/(loss) for the year	85,420	106,956	76,447	28,679	37,444	24,686	(35,193)	(17,724)	66,209	16,903	230,327	159,500
Minority interests	(2,532)	(2,142)	(2,478)	(4,318)	86	108	23,142	529	(19,636)	(868)	(1,418)	(6,691)
Profit/(Loss) attributed to the Parent	82,888	104,814	73,969	24,361	37,530	24,794	(12,051)	(17,195)	46,573	16,035	228,909	152,809
BALANCE SHEET												
Assets	270,305	311,611	552,625	368,613	425,873	404,312	2,444,127	227,495	2,325,104	835,122	6,018,034	2,147,153
- Non-current assets	115,740	116,408	259,973	208,730	181,479	186,769	1,828,985	183,245	1,781,781	823,356	4,167,958	1,518,508
- Current assets	154,565	195,203	292,652	159,883	244,394	217,543	615,142	44,250	449,352	9,318	1,756,105	626,197
- Assets held for sale	-	-	-	-	-	-	-	-	93,971	2,448	93,971	2,448
Equity and liabilities	270,305	311,611	552,625	368,613	425,873	404,312	2,444,127	227,495	2,325,104	835,122	6,018,034	2,147,153
- Equity	122,780	150,666	206,821	157,343	209,694	191,557	221,887	101,531	396,052	264,158	1,157,234	865,255
- Non-current liabilities	4,305	4,044	55,792	82,255	35,515	37,257	1,188,296	48,913	1,512,785	372,975	2,796,693	545,444
- Current liabilities	143,220	156,901	290,012	129,015	180,664	175,498	1,033,944	77,051	349,102	197,989	1,996,942	736,454
- Liabilities held for sale	-	-	-	-	-	-	-	-	67,165	-	67,165	-

Secondary segments - Geographical segments

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

The following table provides a breakdown of specific consolidated Group balances by geographical location of the companies giving rise to them:

	Thousands of Euros					
	Europe		America		Total	
	2006	2005	2006	2005	2006	2005
Revenue	2,408,453	1,095,857	319,299	330,109	2,727,752	1,425,966
Other income	75,412	46,927	8,594	10,198	84,006	57,125
Profit before minority interests and taxes	129,596	140,492	36,823	25,788	166,419	166,280
Total assets	5,600,402	1,816,833	417,632	330,320	6,018,034	2,147,153

(20) TAX MATTERS

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

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

Antena 3 de Radio, S.A. also files consolidated income tax returns in Spain as part of consolidated tax group 3/95 together with other subsidiaries that meet the stipulated requirements.

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

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

The remaining subsidiaries file individual tax returns in accordance with the tax regulations prevailing in each country.

In 2006 and in prior years, some Group companies performed or participated in corporate restructuring transactions under the special tax neutrality regime regulated in Chapter VIII, Title VII, of Legislative Royal Decree 4/2004, of 5 March, approving the Consolidated Spanish Corporation Tax Law. The disclosures required by this legislation are included in the notes to the financial statements of the related Group companies for the year in which these transactions were carried out.

In 2001, 2002, 2003, 2004 and 2005 several Group companies applied the reinvestment tax credit to income amounting to EUR 2,409 thousand, EUR 590 thousand, EUR 21,104 thousand, EUR 24,324 thousand and EUR 1,100 thousand, respectively. The disclosures required by current legislation are included in the notes to the financial statements of the corresponding companies.

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

a) Reconciliation of the accounting profit to the taxable profit

The following table shows a reconciliation of the result of applying the current standard tax rate in Spain (which has not changed from 2005) to consolidated net profit per books, calculated under International Financial Reporting Standards, to the consolidated Group's income tax expense for 2006 and 2005:

	Thousands of Euros	
	31/12/06	31/12/05
CONSOLIDATED NET PROFIT UNDER IFRSs	166,419	155,750
Tax charge at 35%	58,247	54,513
Consolidation adjustments	(1,761)	(12,771)
IFRS adjustments	(1,898)	1,170
Permanent differences (1)	(34,174)	20,342
Tax loss carryforwards	(930)	(701)
Tax credits and tax relief (2)	(92,258)	(71,444)
Effect of applying different tax rates (3)	(1,060)	(1,878)
INCOME TAX FOR 2006	(73,834)	(10,770)
ADJUSTMENT OF PRIOR YEARS' TAX (4)	5,344	3,608
FOREIGN TAX EXPENSE (5)	2,207	1,970
EMPLOYEE PROFIT SHARING (6)	1,926	2,248
TOTAL INCOME TAX	(64,357)	(2,944)
DEFERRED TAX	(88,370)	(58,199)
CURRENT TAX	24,013	47,429

- (1) The permanent differences are mainly due to: (i) certain non-deductible costs and provisions, (ii) the exemption of dividends from international sources, and (iii) foreign tax expenses arising from withholdings at source.
- (2) In calculating their respective income tax expense or revenue, the Spanish companies belonging to the Prisa Group availed themselves of the tax benefits envisaged in Articles 33, 37, 38 and 40 of the Consolidated Corporation Tax Law, approved by Legislative Royal Decree 4/2004, of 5 March, which amounted to EUR 85,301 thousand (mainly in respect of the export tax credit arising from the Group's investment projects in Chile and Portugal). Additionally, the Group availed itself of the tax benefit envisaged in Article 94 of Law 20/1991 for Investments in the Canary Islands for EUR 50 thousand.

Also, the consolidated Group companies took an internal dividend double taxation tax credit of EUR 15 thousand for dividends not eliminated in the accounting consolidation process, a tax credit of EUR 519 thousand for other items and an international double taxation tax credit of EUR 1,276 thousand.

The Prisa Group has signed two co-operation agreements: one with the Castilla-La Mancha government, in honour of the 400th anniversary of the publication of "El Ingenioso Hidalgo Don Quijote de La Mancha," and the other with Expo Zaragoza 2008, S.A., the company entrusted with the organisation of the Zaragoza 2008 World's Fair. In this connection, in 2006 the Prisa Group incurred in advertising and publicity costs to which the tax credit envisaged in Article 27 of Law 49/2002, of 23 December, on the Tax Regime of Non-Profit-Making Entities and Patronage Tax Incentives is applicable and, accordingly, took a EUR 2,149 thousand tax credit.

Similarly, the consolidated Group companies availed themselves 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 1,292 thousand.

In 2006 the Group 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 8,275 thousand, having fulfilled, by 31 December 2006, the obligation to reinvest the sale price in the acquisition of financial assets, according to the terms established by this Law. The tax credit reported in this connection totalled EUR 1,655 thousand.

- (3) Relates to the effect of taxation of profits from American and European subsidiaries at different rates.
- (4) Includes (i) the impact on the income statement of the adjustment of the 2005 income tax return with respect to the income tax expense recognised at year-end, and (ii) the derecognition, in accordance with the principle of prudence, of certain tax assets.

- (5) This relates to the expense for taxes paid abroad and arose from withholdings at source from the income from exports of services provided by the Group's Spanish companies abroad, and from dividends received from its foreign subsidiaries and other companies abroad.
- (6) This is an additional component of the income tax expense in countries such as Mexico.

b) Deferred tax assets and liabilities

The following table shows the origin and amount of the deferred tax assets and liabilities recognised in 2006 and 2005, in thousands of euros:

DEFERRED TAX ASSETS ARISING FROM:		
	31/12/06	31/12/05
Non-deductible provisions	4,709	7,831
Non-capitalisable assets	17,759	3,113
Adjustment of accounts receivable	1,034	709
Unused tax loss carryforward	1,104,222	27,124
Unused tax credits recognised	222,718	97,724
Other	8,639	4,421
Total	1,359,081	140,922

DEFERRED TAX LIABILITIES ARISING FROM:		
	31/12/06	31/12/05
Portfolio provisions and goodwill	91,004	18,740
Extraordinary income reinvestment deferral	6,808	8,169
Accelerated depreciation and amortisation	731	876
Lease payments payable	2,381	6,233
Adjustment of accounts payable	1,934	3,306
Exchange differences	235	344
Hedges of financial instruments	1,195	0
Other	5,429	5,328
Total	109,717	42,996

The assets and liabilities which arose and were recognised in 2006 were charged or credited directly to the income statement.

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

Deferred tax liabilities were recognised for all significant amounts arising from temporary differences associated with retained earnings of subsidiaries in jurisdictions where different tax rates are applied.

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

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

Year of Generation	Last Year for Offset	Amount	Recognised in Assets	Not Recognised in Assets
1992	2007	362	-	362
1993	2008	135	-	135
1994	2009	403	-	403
1995	2010	989	-	989
1996	2011	1,164	629	535
1997	2012	93,568	77,941	15,627
1998	2013	432,733	365,599	67,134
1999	2014	477,298	402,642	74,656
2000	2015	586,407	517,524	68,883
2001	2016	495,557	428,113	67,444
2002	2017	653,284	565,011	88,273
2003	2018	983,648	886,988	96,660
2004	2019	274,343	209,163	65,180
2005	2020	88,644	75,318	13,326
2006	2021	153,676	149,638	4,039
Total		4,242,211	3,678,565	563,646

The tax losses arose at companies in the Prisa consolidated tax group, and were generated before such companies were included in the Group (EUR 33,752 thousand), at companies in the Sogecable consolidated tax group (EUR 4,110,605 thousand) and at other companies that do not file consolidated tax returns but are included in the consolidated reporting Group (EUR 97,854 thousand). Of the total tax losses, EUR 3,678,565 thousand were recognised on the asset side of the balance sheet at 31 December 2006. Deferred tax assets were not recognised for the remaining tax losses since the Company’s directors considered that the future recovery thereof was not sufficiently certain at year-end.

The most significant amount arose at the Sogecable consolidated tax group, which recognised tax loss carryforwards in respect of losses incurred in launching the satellite pay-TV business. The most significant losses in this respect were those recognised by DTS Distribuidora de Televisión Digital, S.A. prior to its inclusion in the Sogecable Group. The Group also recognised tax loss carryforwards in respect of losses incurred in the integration of DTS Distribuidora de Televisión Digital, S.A. in recent years and in the launch of the “Cuatro” free-to-air TV channel. The recognition of these tax loss carryforwards is justified under International Financial Reporting Standards and their future recovery is reasonably assured on the basis of the recent performance of the pay and free-to-air TV businesses and the forecasts contained in the Sogecable Group’s business plan.

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

The assumptions used in this business plan, which were conservative, relate to matters such as the penetration of pay TV in Spain, the Sogecable Group's share of this penetration, the trend in the number of subscribers and in the prices of the services offered by the Group and the general trend in costs, in particular programming costs within the current technological and right exploitation framework in which the Sogecable Group operates. In this respect, the projection for the long-term penetration of pay TV in Spain, as far ahead as 2014, is several points below the current penetration rates in neighbouring countries. Also, these rates are generally lower than those projected by independent third-party consultants. Consequently, the estimated annual increases at short and medium term in the net subscriber figures are lower than the annual increases achieved in recent years by certain other European operators. Also, following the launch at the end of 2005 of "Cuatro", the national free-to-air TV channel, the Group included this new business activity in its medium- and long-term business plan. To this end, it considered the current situation of the free-to-air advertising and TV market in Spain and estimated increasing, albeit conservative, market shares for the Group. This business plan also includes sensitivity studies of the most significant assumptions in order to situate them in pessimistic scenarios.

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

Following the approval of Law 35/2006, of 28 November, on Personal Income Tax and partially amending the Spanish Corporation Tax, Non-Resident Income Tax and Wealth Tax Laws, the applicable income tax rates have been reduced.

Consequently, the deferred tax assets and liabilities recognised in 2006 and those relating to prior years were adjusted to the new tax rates that are expected to apply at the time of their estimated recovery. This adjustment, amounting to EUR 165,238 thousand, was recognised with the following balancing entries: on the one hand, EUR 71,347 thousand, of which EUR 70,803 thousand were recognised under "*Equity - Prior Years' Accumulated Profit*" and EUR 544 thousand under "*Equity - Other Reserves*" in the accompanying consolidated balance sheet at 31 December 2006 (see Note 9-f), and on the other, EUR 93,891 thousand, which were recognised under "*Equity - Minority Interests*" in the accompanying consolidated balance sheet

at 31 December 2006, since the Group's directors consider that this valuation adjustment is associated with tax assets and liabilities recognised in prior years and ensures that the consolidated income statement for 2006 presents fairly the results arising from the Group's business activities during the year. Consequently, the tax assets and liabilities in the consolidated balance sheet at 31 December 2006 are recognised at their estimated recoverable amount, whereas the Group's equity includes the full accounting effect resulting from the aforementioned changes in tax legislation.

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

	BOLIVIA	PORTUGAL	USA	CHILE	BRAZIL	ARGENTINA	COLOMBIA	MEXICO	TOTAL
1992			1,432						1,432
1993			1,188						1,188
1994			2,221						2,221
1995			305						305
1996			188						188
1997			1,849					29	1,878
1998			1,863					119	1,982
1999			3,484					238	3,722
2000			3,797					368	4,165
2001		88	2,888					471	3,447
2002		537	1,832		2,221	1,595	75	1,110	7,370
2003	1,198	573	2,821		6,630	291	118	228	11,859
2004	12,359	945	3,203	6,313	619	16	40	138	23,633
2005		278	3,414	2,210		371			6,273
2006			6,374	2,156		1,561		17	10,108
TOTAL	13,558	2,421	36,859	10,679	9,470	3,834	233	2,718	79,771
Recognised in assets				10,679	9,470	1,958		350	22,457
Not recognised in assets	13,558	2,581	36,871			1,876	233	2,368	57,486
Carryforward period	unlimited	6 years	20 years	unlimited	unlimited	5 years	8 years	10 years	

Of the total, EUR 22,457 thousand had been recognised in assets in the accompanying balance sheet at 31 December 2006. Deferred tax assets were not recognised for the remaining tax losses since the Company's directors considered that the future recovery thereof was not sufficiently certain at year-end.

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

Year of Generation	Amount	Last Year for Use
1998	692	2008
1999	554	2009
2000	366	2010
2001	712	2011
2002	557	2012

c) Years open for review by the tax authorities

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

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.

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

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

Since the Group does not concur with the criteria applied by the tax authorities, it has filed appeals at the appropriate instances against virtually all the tax assessments issued. No decisions have yet been rendered in connection with these appeals. However, the Group has recorded a provision of EUR 16,318 thousand (*see Note 11*) to cover, inter alia, any payments that it might have to make in this connection in the future. Guarantees have been provided for the total amount of the assessments, the execution of which was therefore stayed.

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

basis. The appropriate submissions were filed against these assessments and a decision upholding the final tax assessments was rendered. The related claim (yet to be ruled on) was filed at the Madrid Regional Economic-Administrative Tribunal against the decision, the execution of which was stayed in return for the provision of a guarantee. An appeal was also filed against the penalty arising from the assessments issued in respect of corporation tax and no decision has yet been handed down by the Tribunal. The directors consider that no material liabilities will arise for the Group from this tax audit or from eventual future audits which could have an impact on these consolidated financial statements.

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

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

The decisions handed down on the appeals filed against the decisions upholding the final tax assessments issued for corporation tax (which partially upheld the submissions) confirm settlements amounting to EUR 35,032 thousand (deficiency plus late-payment interest). Appeals (yet to be ruled on) have been filed at the Central Economic-Administrative Tribunal against these decisions. Payment of this amount was stayed and the related guarantee was provided. In view of the varying interpretations that can be made of tax legislation, the outcome of present or future tax reviews might give rise to tax liabilities which cannot be objectively quantified at the present time. The Company's directors consider that the tax criteria applied by the companies were appropriate and that there are sufficient grounds for defence so as to expect a favourable decision in connection with the appeals filed against the tax assessments. Accordingly, the directors do not expect any material liabilities to arise for the Group as a result of the current or of eventual future tax audits which could have an effect on the consolidated financial statements.

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

(21) DISTRIBUTION OF PROFIT

The distribution of the net profit for 2006 proposed by the Board of Directors of Promotora de Informaciones, S.A. is as follows (in thousands of euros):

	Amount
Distributable profit	
Profit for the year	137,747
Distribution:	
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 10*), will be EUR 0.16 per share. No interim dividend out of 2006 profit was approved.

(22) EARNINGS PER SHARE

Earnings per share were calculated as follows:

	31/12/06	31/12/05
Net profit for the year (thousands of euros)	228,909	152,809
Weighted average number of shares outstanding (thousands of shares)	207,872	207,872
Basic earnings per share (euros)	1.10	0.74

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

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

(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 3-e*). On that date,

Vertex, 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 26*).

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 Vertex, 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, Vertex, 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, Vertex, 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 Independente, 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. 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) RELATED PARTY TRANSACTIONS

The transactions with associates and related companies in 2006 and 2005 were as follows:

	Thousands of Euros	
	31/12/06	31/12/05
Income		
Sales of merchandise	134,937	90,618
Services rendered and other	18,223	99,395
Finance income	569	3,723
Total	153,729	193,736
Expenses		
Purchases of merchandise	34,125	16,798
Services received and other	10,971	25,024
Finance costs	3	3
Total	45,099	41,825

	Thousands of Euros	
	31/12/06	31/12/05
Accounts receivable		
Trade receivables	20,824	35,024
Long-term receivables	5,962	6,715
Long-term loans	9,786	3,801
Short-term loans	4,680	13,072
Total	41,252	58,612
Accounts payable		
Trade payables	9,047	29,436
Other payables	-	50
Borrowings	50	256
Capital payments payable	-	113
Total	9,097	29,855

Remuneration of senior executives-

The members of the Executive Committee and the Management Committee who are not executive directors of Promotora de Informaciones, S.A. are Ignacio Santillana del Barrio, Augusto Delkader Teig, Jaime de Polanco Soutullo, Miguel Satrústegui Gil-Delgado, José Carlos Herreros Díaz-Berrio, José Luis Sáinz Díaz, Pedro García Guillén and Matilde Casado Moreno. Their total remuneration amounted to EUR 5,273 thousand in 2006.

230,000 options were granted to the senior executives, as discussed in Note 16 to these consolidated financial statements, under the share option plan of Promotora de Informaciones, S.A.

(25) DIRECTORS' REMUNERATION AND OTHER BENEFITS

In 2006 and 2005 the consolidated companies paid the following amounts in respect of remuneration earned by Prisa's Board members:

	Thousands of Euros	
	31/12/06	31/12/05
Wages and salaries	5,434	5,132
Directors' fees	1,322	1,382
Attendance fees	1,230	1,098
Total	7,986	7,612

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

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

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

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

Owner	Investee	Percentage of Ownership (%)	Functions
Ignacio Polanco Moreno	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 Tapatía, S.A. de C.V.	-	"
	Sistema Radiópolis, S.A. de C.V.	-	"
Francisco Javier Díez de Polanco	Canal Club de Distribución de Ocio y Cultura, S.A.	-	Director
	Compañía Independiente de Televisión, S.L	-	Chairman and CEO
	Canal Satélite Digital, S.L.	-	"
	DTS Distribuidora de Televisión Digital, S.A.	-	"
	Sociedad General de Cine, S.A.	-	"
	Sogepaq, S.A.	-	"
	Sogecable, S.A.	0.043	CEO
	Audiovisual Sport, S.L.	-	Chairman (in representation of Sogecable, S.A.)
	Cinemanía, S.L.	-	"
	Compañía Independiente de Noticias de Televisión, S.L.	-	Chairman (in representation of Compañía Independiente de Televisión, S.L.)
Sogecable Editorial, S.L	-	Chairman and CEO (in representation of Sogecable, S.A.)	
Sogecable Media, S.L.	-	"	
Diego Hidalgo Schnur	Sogecable, S.A.	0.000	Director
Gregorio Marañón y Bertrán de Lis	Sogecable, S.A.	-	Director
	Universal Music Spain, S.L.	-	Chairman
Emiliano Martínez Rodríguez	Sogecable, S.A.	0.011	-
Agnès Noguera Borel	Sogecable, S.A.	0.000	Director
Borja Jesús Pérez Arauna	Sogecable, S.A.	0.005	-
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 Diez 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 Promotora de Informaciones, S.A.

(26) 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 Note 23*).

Additionally, Prisa 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 totalled EUR 1,222 thousand.

At 31 December 2006, Prisa 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 28*). The Company's directors consider that the guarantees for claims would in no case have a material effect on the accompanying consolidated 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.

Dédalo Grupo Gráfico, S.L. informed the banks that at year-end it will not meet the conditions established by them under the syndicated loan and credit agreements. Consequently, Dédalo Grupo Gráfico, S.L., together with its shareholders and lending banks are analysing various scenarios, subject to the final outcome of the process for the inclusion of new shareholders initiated by this company (*see Note 23*), in order to establish new conditions which are satisfactory to the lending banks. At 31 December 2006, this transaction did not give rise to any additional liability for the Group.

Additionally, Sociedad Española de Radiodifusión, S.A. had provided guarantees amounting to EUR 14,752 thousand at 31 December 2006, mainly in connection with the award of administrative licenses and with tax assessments issued by the tax authorities which were signed on a contested basis. The Company's directors consider that the guarantees for claims would in no case have a material effect on the accompanying consolidated income statements.

(27) FUTURE COMMITMENTS

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

At 31 December 2006, the Sogecable Group had euro and foreign currency payment commitments and collection rights for a net amount payable of approximately EUR 1,817,091 thousand. The net amounts payable in relation to these commitments fall due as follows:

Year	Thousands of Euros
2007	844,985
2008	609,872
2009	313,851
2010	48,383
	1,817,091

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

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

(28) 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 an ownership interest through Promotora de Emisoras de Televisión, S.A. in the share capital of various local television operators. Law 62/2003, of 30 December, on Tax, Administrative, Labour and Social Security Measures introduced further amendments to the television legal system in order to permit the simultaneous holding of material ownership interests (of more than 5%) in national, regional (autonomous community) and local television license-holder companies. However, the Law also establishes certain restrictions regarding population coverage. Within this framework, Promotora de Emisoras de Televisión, S.A. 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 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 Grupo Promotora de Emisoras de Televisión, S.A. 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.

(29) LITIGATION AND CLAIMS IN PROCESS

In 2005 the Supreme Court handed down decisions dismissing the appeals filed by the cable operators (ONO and the members of Agrupación de Operadores de Cable - A.O.C.) and other third parties (Telecinco and Disney) against the Council of Ministers Resolutions authorising the integration of DTS Distribuidora de Televisión Digital, S.A. into Sogecable. Also, in 2005 the Supreme Court dismissed the appeal filed by Sogecable against four conditions of the same Council of Ministers Resolution. These decisions were reported in the 2005 financial statements. In 2006 the Supreme Court handed down a new judgment dismissing the appeal filed by AUNA against the same resolution and declared all the judgments on this matter to be final.

In 2006 the Madrid Provincial Appellate Court handed down decisions on all the appeals filed by Sogecable, rendering void all the awards made by the Spanish Telecommunications Market Commission (CMT) in 2004, which partially upheld the requests for arbitration filed with the Commission by Telecable, Tenaria and Euskaltel, requesting amendments to the contracts entered into with Audiovisual Sport for the pay-per-view distribution rights for the Spanish Football League and Knockout Cup matches. In all the cases the Provincial Appellate Court found that the CMT was not the competent agency.

Also, in 2003 and 2004 the cable operators Auna, Telecable, Tenaria, Euskaltel, R Telecomunicaciones de Galicia and R Telecomunicaciones de Coruña filed requests for arbitration with the CMT, requesting the right to receive an offer to market several channels

provided by Sogecable to its subscribers. The CMT announced its decisions in connection with each case - the proceeding brought by Auna in 2004 and the proceedings brought by the other operators in 2005 - partially upholding the requests for arbitration and ordering Sogecable to submit an offer for the Gran Vía and Canal + Deportes channels. Sogecable filed an appeal at the Madrid Provincial Appellate Court to have these awards set aside and during 2006 the Provincial Appellate Court handed down decisions confirming the awards made by the CMT. The internal and external advisers and the directors consider that the enforcement of these decisions will not give rise to any material liabilities that have not already been recognised.

The collection societies A.I.E. and A.I.S.G.E. filed a complaint against Sogecable, S.A. seeking compensation in connection with intellectual property rights. In 2002 a decision was handed down partially upholding the complaint of these societies. The company filed an appeal which was dismissed by the Madrid Provincial Appellate Court in 2003. Sogecable filed a cassation appeal against the provincial appellate court's judgment in the related appeal. To date, there have been no further developments in this connection. The directors and the internal and external advisers do not expect any material liabilities not already recognised to arise for the Sogecable Group as a result of the outcome of this appeal.

A.I.E. and A.I.S.G.E. also filed a similar complaint against CanalSatélite Digital, S.L. This claim was upheld and in 2004 CanalSatélite Digital S.L. filed an appeal at the Provincial Appellate Court. In 2006 the Court dismissed the appeal and CanalSatélite Digital S.L. filed a cassation appeal, which has not yet been granted leave to proceed by the Supreme Court. The directors and the internal and external advisers do not expect any material liabilities not already recognised to arise for the Sogecable Group as a result of the outcome of this appeal.

A.I.E. y A.I.S.G.E. also filed a complaint in this same connection against DTS, Distribuidora de Televisión Digital, S.A. The complaint was upheld and DTS filed an appeal at the Provincial Appellate Court, which has yet to hand down a decision. The directors and the internal and external advisers do not expect that any material liabilities not already recognised to arise for the Sogecable Group as a result of the outcome of this appeal.

In 2005 the collection society SGAE filed a complaint at the Commercial Court against CanalSatélite Digital, S.L. and DTS, Distribuidora de Televisión Digital, S.A. seeking compensation in connection with certain intellectual property rights during a period not covered by an agreement with this society. Both companies filed a counterclaim against this proceeding. The Court of First Instance has simultaneously been considering a claim filed by CanalSatélite Digital, S.L. and DTS against SGAE, requesting the Court to order the aforementioned society to negotiate, under transparent and fair terms and conditions, a new agreement for the period of time since the previous agreement expired. In 2006 the Commercial Court partially upheld SGAE's claim against CanalSatélite Digital, S.L. and DTS and the Court of First Instance partially dismissed the claim filed by CanalSatélite Digital S.L. and DTS. CanalSatélite Digital, S.L. and DTS have appealed against both rulings and the Madrid Provincial Appellate Court has yet to hand down a decision. Sogecable, S.A.'s directors and the Sogecable Group's internal and external legal advisers do not expect any material liabilities not yet recognised to arise as a result of the outcome of this appeal.

In addition, in December 2006 SGAE filed a new complaint against Sogecable seeking compensation in connection with intellectual property rights used by Sogecable in its free-to-air television channel. Sogecable, S.A. filed a counterclaim against this proceeding because it

considers that the payment for the rights should be reduced by 50%. Sogecable, S.A.'s directors and the Sogecable Group's internal and external legal advisers do not expect any material liabilities not yet recognised to arise as a result of the outcome of this proceeding.

In 2006 the collection society AGEDI filed a complaint against CanalSatélite Digital, S.L., DTS Distribuidora de Televisión Digital, S.A. and Sogecable, S.A. seeking compensation in connection with intellectual property rights during a period not covered by an agreement with the society. Sogecable, S.A.'s directors and the Sogecable Group's internal and external legal advisers do not expect any material liabilities not yet recognised to arise as a result of the outcome of this proceeding.

A.O.C. filed an appeal for judicial review against the Council of Ministers Resolution dated 29 July 2005 modifying Sogecable, S.A.'s concession charter and authorising it to broadcast free-to-air 24 hours a day. In 2006 Sogecable, S.A. filed a defence and counterclaim against this complaint but a decision has not yet been handed down. The directors and the internal and external advisers do not expect any material liabilities not yet recognised to arise from this proceeding because the appeal is expected to be dismissed.

In 2006 Warner Sogefilms, AIE, an economic interest grouping owned on an equal-footing basis by Sogecable and Warner Bros. Entertainment España, S.L. (this EIG ceased to exist on 30 November 2006), filed an appeal for judicial review against the penalty imposed by the Spanish Antitrust Agency for the EIG's alleged unfair trade practices. Sogecable, S.A.'s directors and the Sogecable Group's internal and external legal advisers do not expect any material liabilities not yet recognised to arise as a result of the outcome of this appeal.

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

(30) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
EDUCATION					
<i>Full consolidation</i>					
Aguilar A.T.A., S.A. de Ediciones	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	Ediciones Santillana, S.A. (Argentina)	1 share	
			Itaca, S.L.	5.00%	
			Santillana Ediciones Generales, S.L.	95.00%	
Aguilar Chilena de Ediciones, S.A.	Dr. Anibal Ariztia 1444, Providencia - Santiago de Chile, Chile	Publishing	Itaca, S.L.	0.03%	
			Santillana Ediciones Generales, S.L.	99.97%	
Canal de Editoriales, S.A.	Juan Bravo, 38 - Madrid	Retailing	Grupo Santillana de Ediciones, S.L.	99.14%	2/91
Constancia Editores, S.A.	Estrada da Outorela 118, 2795 - Carnaxide Linda a Velha - Portugal	Publishing	Santillana Educación, S.L.	100.00%	
Distribuidora y Editora Aguilar, A.T.A., S.A. de C.V.	Calle 80, N 10-23 - Santa Fé de Bogotá, Colombia	Publishing	Ediciones Grazelema, S.A.	0.01%	
			Edicions Obradoiro, S.A.	0.01%	
			Edicions Voramar, S.A.	0.01%	
			Itaca, S.L.	5.01%	
			Santillana Ediciones Generales, S.L.	94.97%	
Distribuidora y Editora Richmond, S.A.	Calle 80, N 10-13 - Santa Fé de Bogotá, Colombia	Publishing	Ediciones Grazelema, S.A.	0.10%	
			Edicions Obradoiro, S.A.	0.10%	
			Edicions Voramar, S.A.	0.10%	
			Itaca, S.L.	4.80%	
			Santillana Educación, S.L.	94.90%	
Ediciones Aguilar Venezolana, S.A.	Rómulo Gallegos, Edificio Zulia 1° - Caracas, Venezuela	Publishing	Editorial Santillana, S.A. (Venezuela)	100.00%	
Ediciones Grazelema, S.L.	Rafael Beca Mateos, 3 - Sevilla	Publishing	Itaca, S.L.	0.02%	2/91
			Santillana Educación, S.L.	99.98%	
Ediciones Santillana Inc.	1506 Roosevelt Avenue, Guaynabo, Puerto Rico	Publishing	Santillana Educación, S.L.	100.00%	
Ediciones Santillana, S.A. (Argentina)	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	Itaca, S.L.	5.00%	
			Santillana Educación, S.L.	95.00%	
Ediciones Santillana, S.A. (Uruguay)	Constitución, 1889 - 11800 - Montevideo, Uruguay	Publishing	Santillana Educación, S.L.	100.00%	
Edicions Obradoiro, S.A.	Vía Pasteur, 44 Polígono Industrial Tambre - Santiago de Compostela	Publishing	Itaca, S.L.	0.01%	2/91
			Santillana Educación, S.L.	99.99%	
Edicions Voramar, S.A.	Valencia, 44 - 46210 Pincaya - Valencia	Publishing	Itaca, S.L.	0.01%	2/91
			Santillana Educación, S.L.	99.99%	
Editora Moderna Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brasil	Publishing	Grupo de Edições Santillana Ltda.	100.00%	
Editora Objetiva Ltda.	Rua Cosme Velho 103, Rio de Janeiro - Brasil	Publishing	Santillana Ediciones Generales, S.L.	75.00%	
Editorial Nuevo México, S.A. de C.V.	Insurgentes Sur, 686 - 1,2,3 - Colonia del Valle - México D.F.	Publishing	Editorial Santillana S.A. de C.V.	0.01%	
			Lanza, S.A. de C.V.	99.99%	
Editorial Santillana, S.A. (Colombia)	Calle 80, N 10-23 - Santa Fé de Bogotá, Colombia	Publishing	Itaca, S.L.	5.10%	
			Santillana Educación, S.L.	94.90%	
Editorial Santillana, S.A. (Guatemala)	7ª Avenida 11-11, Zona 9, Guatemala, C.A.	Publishing	Itaca, S.L.	0.01%	
			Santillana Educación, S.L.	99.99%	
Editorial Santillana, S.A. (Honduras)	Colonia Lomas de Tepeyac, Casa No. 1626, contiguo al Autobanco Cuscatlan, Boulevard Juan Pablo II, Tegucigalpa, Honduras	Publishing	Itaca, S.L.	1.00%	
			Santillana Educación, S.L.	99.00%	
Editorial Santillana, S.A. (Dominican Republic)	Juan Sánchez Ramírez, 9, Gazcue, Santo Domingo, R. Dominicana	Publishing	Santillana Educación, S.L.	99.95%	
			Otras Sociedades Grupo Santillana de Ediciones, S.L.	0.05%	
Editorial Santillana, S.A. (Venezuela)	Rómulo Gallegos, Edificio Zulia 1° - Caracas, Venezuela	Publishing	Santillana Educación, S.L.	100.00%	
Editorial Santillana, S.A. de C.V. (Mexico)	Avenida Universidad 767- Colonia del Valle, México DF, México	Publishing	Editorial Nuevo México, S.A. de C.V.	1 share	
			Lanza, S.A. de C.V.	100.00%	
Editorial Santillana, S.A. de C.V. (El Salvador)	Siemens, 48 Zona Industrial Santa Elena - La Libertad, El Salvador	Publishing	Itaca, S.L.	0.05%	
			Santillana Educación, S.L.	99.95%	
Grup Promotor D'Ensenyament i Difussió en Catalá, S.L.	Frederic Mompou, 11 - V. Olímpica, Barcelona	Publishing	Promotora de Informaciones, S.A.	0.01%	2/91
			Santillana Educación, S.L.	99.99%	
Grupo de Edições Santillana Ltda.	Rua Padre Adelino, 758 Belezinho, Sao Paulo - Brasil	Publishing	Ediciones Santillana, S.A. (Argentina)	1 share	
			Santillana Educación, S.L.	100.00%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
Grupo Santillana de Ediciones, S.L.	Torrelaguna, 60 - Madrid	Publishing	Ítaca, S.L.	1 share	2/91
Instituto Universitario de Posgrado, S.A.	Torrelaguna, 60 - Madrid	Complementary educational services	Promotora de Informaciones, S.A.	100.00%	
Ítaca, S.L.	Torrelaguna, 60 - Madrid	Book distribution	Santillana Formación, S.L.	52.00%	
Lanza, S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Creation, development and management of companies	Grupo Santillana de Ediciones, S.L.	99.99%	2/91
N. Editorial, S.L.	Torrelaguna, 60 - Madrid	Publishing	Promotora de Informaciones, S.A.	0.01%	
Punto de Lectura, S.L.	Torrelaguna, 60 - Madrid	Publishing	Editorial Santillana S.A. de C.V.	0.01%	
Punto de Lectura, S.A. de C.V.	Avenida Universidad 767 - México D.F., Mexico	Publishing	Santillana Educación, S.L.	99.99%	
Punto de Lectura Argentina, S.A. (formerly Suma de Letras Argentina, S.A.)	Leandro N. Alem 720 - Buenos Aires 1001, Argentina	Publishing	Grupo Santillana de Ediciones, S.L.	99.99%	2/91
Richmond Publishing S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Publishing	Promotora de Informaciones, S.A.	0.01%	
Salamandra Editorial, Ltda.	Rua Urbano Santos 160, Sao Paulo - Brazil	Publishing	Santillana Ediciones Generales, S.L.	100.00%	2/91
Santillana, S.A. (Costa Rica)	La Uruca, 200 m Oeste de Aviación Civil San José Costa Rica	Publishing	Ítaca, S.L.	1 share	
Santillana, S.A. (Ecuador)	Avenida Eloy Alfaro, N33-347 y 6 de Diciembre - Quito, Ecuador	Publishing	Santillana Educación, S.L.	99.99%	
Santillana, S.A. (Paraguay)	Avenida Venezuela, 276 - Asunción, Paraguay	Publishing	Santillana Educación, S.L.	100.00%	
Santillana, S.A. (Peru)	Avenida Primavera 2160 - Santiago de Surco, Lima, Peru.	Publishing	Ediciones Santillana, S.A. (Argentina)	0.02%	
Santillana Canarias, S.L.	Urbanización El Mayorazgo parcela 14,2-7b- Santa Cruz de Tenerife	Publishing	Santillana Educación, S.L.	99.98%	
Santillana de Ediciones, S.A.	Avenida Arce, 2333 - La Paz, Bolivia	Publishing	Santillana Educación, S.L.	95.00%	
Santillana del Pacífico, S.A. de Ediciones.	Dr. Aníbal Ariztía 1444, Providencia - Santiago de Chile, Chile	Publishing	Ítaca, S.L.	1.00%	2/91
Santillana Ediciones Generales, S.L.	Torrelaguna, 60 - Madrid	Publishing	Santillana Educación, S.L.	99.00%	
Santillana Ediciones Generales, S.A. de C.V.	Avenida Universidad 767- Colonia del Valle, México DF, Mexico	Publishing	Ítaca, S.L.	0.15%	
Santillana Educación, S.L.	Torrelaguna, 60 - Madrid	Publishing	Santillana Ediciones Generales, S.L.	99.70%	
Santillana Formación, S.L.	Torrelaguna, 60 - Madrid	Complementary educational services	Santillana Educación, S.L.	99.70%	
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	Ítaca, S.L.	1 share	
Santillana USA Publishing Co. Inc.	2105 NW 86th Avenue - Doral, Florida, USA	Publishing	Santillana Educación, S.L.	100.00%	
Zubia Editoriala, S.A.	Polígono Lezama Leguizamon, c/ 31 - Etxebarri, Vizcaya	Publishing	Grupo Santillana de Ediciones, S.L.	100.00%	2/91
			Ítaca, S.L.	1 share	
			Lanza, S.A. de C.V.	0.02%	
			Santillana Ediciones Generales, S.L.	99.98%	
			Ítaca, S.L.	1 share	2/91
			Grupo Santillana de Ediciones, S.L.	100.00%	
			Grupo Santillana de Ediciones, S.L.	99.99%	2/91
			Ítaca, S.L.	0.01%	
			Santillana Educación, S.L.	99.00%	
			Distribuidora y Editora Richmond S.A.	1.00%	
			Grupo Santillana de Ediciones, S.L.	100.00%	
			Promotora de Informaciones, S.A.	0.10%	2/91
			Santillana Educación, S.L.	99.90%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
PRESS					
EL PAÍS					
<i>Full consolidation</i>					
Diario El País, S.L.	Miguel Yuste, 40 - Madrid	Publication and operation of El País newspaper	Fundación Santillana	0.01%	2/91
Diario El País Argentina, S.A.	Avenida Leandro N. Alem 720- Ciudad Autónoma de Buenos Aires	Operation of El País newspaper in Argentina	Promotora de Informaciones, S.A.	99.99%	
Diario El País México, S.A de C.V.	Avenida de la Universidad,767 - México D.F.	Operation of El País newspaper in Mexico	Diario El País, S.L.	99.00%	
			Diario El País México, S.A de C.V.	1.00%	
			Lanza, S.A. de C.V.	1 share	
			Promotora de Informaciones, S.A.	22.09%	
			Diario El País, S. L.	77.91%	
SPECIALIZED AND REGIONAL PRESS					
<i>Full consolidation</i>					
Box News Comunicación, S.L.	Américo Vespucio 63, Isla de la Cartuja -Sevilla	Publication, edition, distribution and sale of all types of publications	Grupo Empresarial de Medios Impresos, S.L.	0.01%	2/91
Diario As, S.L.	Albasanz, 14 - Madrid	Publication and operation of the Diario As newspaper	Promotora General de Revistas, S.A.	99.99%	
Diario Jaén, S.A.	Torredonjimeno, 1, Polígomo Los Olivares - Jaén	Publication and operation of the Diario Jaén newspaper	Grupo Empresarial de Medios Impresos, S.L.	75.00%	2/91
El Correo de Andalucía, S.L.	Américo Vespucio 63 - Isla de la Cartuja- Sevilla	Publication and operation of the El Correo de Andalucía newspaper	Espacio Editorial Andaluza Holding, S.L.	59.27%	
			Espacio Editorial Andaluza Holding, S.L.	99.99%	2/91
Espacio Editorial Andaluza Holding, S.L.	Gran Vía, 32 - Madrid	Holding company for publishing stakes	Grupo Empresarial de Medios Impresos, S.L.	0.01%	
Estructura, Grupo de Estudios Económicos, S.A.	Gran Vía, 32 - Madrid	Publication and operation of the Cinco Días newspaper	Grupo Empresarial de Medios Impresos, S.L.	100.00%	2/91
			Promotora de Informaciones, S.A.	0.01%	
Grupo Empresarial de Medios Impresos, S.L.	Gran Vía, 32 - Madrid	Holding company for publishing stakes	Promotora de Informaciones, S.A.	100.00%	2/91
Gestión de Medios de Prensa, S.A.	Gran Vía, 32 - Madrid	Common services for regional and local newspapers	Diario Jaén, S.A.	2.04%	
			El Correo de Andalucía, S.L.	4.22%	
			Grupo Empresarial de Medios Impresos, S.L.	45.00%	
Promotora General de Revistas, S.A.	Fuencarral, 6 - Madrid	Publication, production and operation of magazines	Novotécnica, S.A.	2.44%	
			Grupo Empresarial de Medios Impresos, S.L.	99.96%	2/91
			Promotora de Informaciones, S.A.	0.04%	
<i>Proportionate consolidation</i>					
Eje de Editores Media, S.L.	Gran Vía, 32 - Madrid	Publication, sale and commercialisation of publications and content	Grupo Empresarial de Medios Impresos, S.L.	50.00%	
<i>Equity method</i>					
Comercialización de Medios 2000, S.A.	Avenida de Montserrat, 46 - Almería	Printing of published materials	Espacio Editorial Andaluza Holding, S.L.	41.50%	
Edicor, S.L.	Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería	Services for publishing companies	Novotécnica, S.A.	14.00%	
			Comercialización de Medios 2000, S.A.	19.80%	
			Grafivoz, S.A.	49.50%	
Distribuidora Almeriense de Publicaciones, S.L.	Sierra Cabrera, 1. Polígono Industrial La Juaida - Viator, Almería	Distribution of published materials	Servicom, S.L.	30.69%	
			Novotécnica, S.A.	30.00%	
Grafivoz, S.A.	Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería	Printing of published materials	Distrimedios, S.L.	70.00%	
Novotécnica, S.A.	Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería	Publishing of the La Voz de Almería newspaper	Espacio Editorial Andaluza Holding, S.L.	33.33%	
Servicom, S.L.	Avenida del Mediterráneo 150- Edificio Laura 1ª Planta - Almería	Distribution of published materials	Novotécnica, S.A.	23.33%	
			Espacio Editorial Andaluza Holding, S.L.	31.89%	
			Espacio Editorial Andaluza Holding, S.L.	17.65%	
			Novotécnica, S.A.	58.82%	
Televisión Alpujarra, S.L.	Plaza. Zenete Nº, El Ejido - Almería	Local TV services	Novotécnica, S.A.	67.10%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP
INTERNATIONAL PRESS					
<i>Full consolidation</i>					
Comunicaciones El País, S.A.	Colinas de Santa Rita, La Paz, Bolivia	Publishing	Inversiones Grupo Multimedia de Comunicaciones, S.A.	94.75%	
			Inversiones en Radiodifusión, S.A.	0.25%	
Editorial Amanecer, S.A.	Cristo Redentor 3355, Santa Cruz - Bolivia	Publishing	Inversiones Grupo Multimedia de Comunicaciones, S.A.	94.97%	
			Inversiones en Radiodifusión, S.A.	0.04%	
Información Extra, S.A.	Avenida Argentina 2057, La Paz, Bolivia	Publishing	Illimani de Comunicaciones, S.A.	0.02%	
			Inversiones Grupo Multimedia de Comunicaciones, S.A.	99.96%	
Inversiones Grupo Multimedia de Comunicaciones, S.A.	Federico Zuazo, 1598 - La Paz, Bolivia	Holding company	Prisa División Internacional, S.L.	76.95%	
			Promotora de Informaciones, S.A.	23.05%	

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
RADIO					
RADIO IN SPAIN					
<i>Full consolidation</i>					
Algarra, S.A.	García Lovera, 3 - Córdoba	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	100.00%	2/91
Antena 3 de Radio, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Inversiones Godó, S.A.	64.64%	3/95
			Paltrivia, S.A.	34.78%	
Antena 3 de Radio de León, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	99.56%	3/95
Antena 3 de Radio de Melilla, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	3/95
Avante Radio, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Radio Club Canarias, S.A.	3.33%	2/91
			Radio Murcia, S.A.	3.33%	
			Sociedad Española de Radiodifusión, S.A.	93.34%	
Bergadana de Radio y Televisión, S.L.U.	Llado, 1-3 - Manresa	Operation of radio broadcasting stations	Ona Catalana, S.A.	100.00%	
Catalana de Comunicaciones y Publicidad, S.L.	Aragón, 390 - Barcelona	Operation of radio broadcasting stations	Ona Catalana, S.A.	100.00%	
Compañía Aragonesa de Radiodifusión, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	97.03%	2/91
Corporación Canaria de Información y Radio, S.A.	General Balmes s/n - Las Palmas de Gran Canaria	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	100.00%	2/91
Ediciones LM, S.L.	Plaza de Cervantes, 6 - Ciudad Real	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	50.00%	
Frecuencia del Principado, S.A.	Jovellanos 1, Gijón	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	100.00%	2/91
Gironina de Radio, S.A.	Gran Vía Jaume I - Girona	Operation of radio broadcasting stations	Ona Catalana, S.A.	100.00%	
Iniciativas Radiofónicas, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Ondas, S.A.	93.42%	2/91
Iniciativas Radiofónicas de Castilla La Mancha, S.A.	Carreteros, 1 - Toledo	Operation of radio broadcasting stations	Ediciones LM, S.L.	40.00%	
			Sociedad de Servicios Radiofónicos Unión Radio, S.L.	50.00%	
Inversiones Godó, S.A.	Avda. Diagonal, 477 - Barcelona	Holding company	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	100.00%	
La Palma Difusión, S.A.	Almirante Díaz Pimiento, 10 - Los Llanos de Aridane	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	
Ona Catalana, S.A.	Aragón, 390 - Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	100.00%	
Onda La Finojosa, S.L.U.	Limosna, 2 - Hinojosa del Duque - Córdoba	Operation of radio broadcasting stations	Algarra, S.A.	100.00%	2/91
Onda Musical, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	49.01%	
			Inversiones Godó, S.A.	16.68%	
			Paltrivia, S.A.	34.30%	
Ondas, S.A.	Caspe, 6 - Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	100.00%	2/91
Ondas Galicia, S.A.	San Pedro de Mezonzo, 3 - Santiago de Compostela	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	42.42%	
Paltrivia, S.A.	Gran Vía, 32 - Madrid	Holding company for stakes in radio broadcasting companies	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	100.00%	
Radio 30, S.A.	Radio Murcia, 4 - Murcia	Operation of radio broadcasting stations	Radio Murcia, S.A.	100.00%	2/91
Radio Burgos, S.L.U.	Venerables 8 - Burgos	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	100.00%	2/91
Radio Club Canarias, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	95.00%	2/91
Radio Costa Brava, S.A.	Didac Garrell, 102 - Palamós	Operation of radio broadcasting stations	Ona Catalana, S.A.	100.00%	
Radio España de Barcelona, S.A.	Caspe, 6 - Barcelona	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	99.32%	2/91
Radio Gibralfaro, S.A.	Santa Paula 2, Granada	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	100.00%	2/91
Radio La Cerdanya, S.A.	Pla del Fort, 2 - Puigcerdá	Operation of radio broadcasting stations	Ona Catalana, S.A.	100.00%	
Radio Murcia, S.A.	Radio Murcia, 4 - Murcia	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	83.33%	2/91
Radio Zaragoza, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations	Compañía Aragonesa de Radiodifusión, S.A.	66.00%	2/91
			Sociedad Española de Radiodifusión, S.A.	34.00%	
Radiodifusión Tenerife, S.A.	Avenida Anaga, 35 - Santa Cruz de Tenerife	Operation of radio broadcasting stations	Ediciones Bidasoa, S.A.	100.00%	2/91
Radiodifusora de Navarra, S.A.	Polígono Plazaola, Manzana F - 2ª A - Pamplona	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	100.00%	
Sociedad de Servicios Radiofónicos Unión Radio, S.L.	Gran Vía, 32 - Madrid	Services to radio broadcasting companies	Promotora de Informaciones, S.A.	80.00%	2/91
Sociedad Española de Radiodifusión, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Promotora de Informaciones, S.A.	99.99%	2/91
Sociedad Independiente Comunicación Castilla La Mancha, S.A.	Avenida de la Estación, 5 Bajo - Albacete	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	74.60%	
Sociedad de Radiodifusión Aragonesa, S.A.	Paseo de la Constitución, 21 - Zaragoza	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	50.00%	
Societat de Comunicació i Publicitat, S.L.	Parc. de la Mola, 10 Torre Caldea, 6º Escalder - Engordany (Andorra)	Operation of radio broadcasting stations	Ona Catalana, S.A.	100.00%	
Sonido e Imagen de Canarias, S.A.	Caldera de Bandama, 5 - Arrecife	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	50.00%	
Talavera Visión, S.L.	Avenida del Rey Santo, 8 - Ciudad Real	Operation of radio broadcasting stations	Valdepeñas Comunicación, S.L.	100.00%	
Teleser, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	71.64%	
Teleradio Pres, S.L.	Avenida de la Estación, 5 Bajo - Albacete	Operation of radio broadcasting stations	Antena 3 de Radio, S.A.	75.10%	
Televisión Ciudad Real, S.L.	Plaza España, 2 - Ciudad Real	Production, broadcasting, publishing and distribution of media and advertising activities	Antena 3 de Radio, S.A.	75.10%	
Unión Radio Digital, S.A.	Gran Vía, 32 - Madrid	Operation of digital radio broadcasting concession	Antena 3 de Radio, S.A.	40.00%	
			Sociedad Española de Radiodifusión, S.A.	60.00%	
Valdepeñas Comunicación, S.L.	Plaza de Cervantes, 6 - Ciudad Real	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	50.00%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
<u>Equity method</u>					
Radio Jaén, S.L.	Obispo Aguilar, 1 - Jaén	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	35.99%	
Radio Jerez, S.L.	C/ Guadalete 12 - 11403 Jerez de la Frontera (Cádiz)	Operation of radio broadcasting stations	Sociedad Española de Radiodifusión, S.A.	23.70%	
Unión Radio del Pirineu, S.A.	Carrer Prat del Creu, 32 - Andorra la Vella	Operation of radio broadcasting stations	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	33.00%	
Sogecable Música, S.L.	Gran Vía, 32 - Madrid	Creation, broadcasting, distribution and operation of thematic TV channels	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	50.00%	
			Compañía Independiente de Televisión, S.L.	50.00%	
INTERNATIONAL RADIO					
<u>Full consolidation</u>					
Caracol, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Grupo Latino de Radio, S.L.	77.05%	
Caracol Broadcasting Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Operation of radio broadcasting stations	Grupo Latino de Radiodifusión LLC.	100.00%	
Caracol Estéreo, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Grupo Latino de Radio, S.L.	77.04%	
CHR, Cadena Hispanoamericana de Radio, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Caracol, S.A.	48.15%	
			Caracol Estéreo, S.A.	46.79%	
Compañía de Comunicaciones C.C.C. Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Promotora de Publicidad Radial, S.A.	5.06%	
			Caracol, S.A.	43.45%	
			Caracol Estéreo, S.A.	11.13%	
			Ecos de la Montaña Cadena Radial Andina, S.A.	4.42%	
			Grupo Latino de Radio, S.L.	16.72%	
			Promotora de Publicidad Radial, S.A.	19.27%	
Comunicaciones del Pacífico, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation and management of TV channels and radio stations	Consortio Radial de Chile, S.A.	66.66%	
Comunicaciones Santiago, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Comunicaciones Santiago, S.A.	33.33%	
			Publicitaria y Difusora del Norte Ltda.	25.00%	
			Radiodifusora del Norte Ltda.	75.00%	
Consortio Radial de Chile, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	GLR Chile Ltda	100.00%	
Consortio Radial de Panamá, S.A.	Urbanización Obarrio, Calle 54 Edificio Caracol, Panama	Advisory services and marketing of services and products in general, and particularly to Green Emerald Business Inc.	Grupo Latino de Radio, S.L.	0.00%	
			Grupo Latino de Radio, S.L.	100.00%	
Corporación Argentina de Radiodifusión, S.A.	Beazley 3860 - Buenos Aires, Argentina	Operation of radio broadcasting stations	Ediciones Santillana, S.A. (Argentina)	1.00%	
			GLR Services Inc.	99.00%	
Ecos de la Montaña Cadena Radial Andina, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Grupo Latino de Radio, S.L.	76.80%	
Emisora Mil Veinte, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Grupo Latino de Radio, S.L.	75.72%	
Fast Net Comunicaciones, S.A.	Los Leones 2255 - Providencia, Santiago de Chile	Telecommunications and radio broadcasting services	Comunicaciones Santiago, S.A.	99.00%	
			Publicitaria y Difusora del Norte Ltda.	1.00%	
GLR Broadcasting, LLC	Baypoint Office Tower, 4770 Biscayne Blvd. Suite 700 Miami, FL 33137	Operation of radio broadcasting stations	GLR Services Inc.	100.00%	
GLR Chile Ltda	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Caracol, S.A.	0.00%	
			Grupo Latino de Radio, S.L.	100.00%	
GLR Colombia, Ltda	Calle 67 N° 7-37 Piso 7 Bogotá. Colombia	Provision of services to broadcasters	Grupo Latino de Radio, S.L.	99.00%	
			Prisa División Internacional, S.L.	1.00%	
GLR Francia, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d'Italie - Paris, France	Radio broadcasting	Grupo Latino de Radio, S.L.	100.00%	
GLR Midi France, S.A.R.L.	Immeuble Le Periscope, 83-87 Av. d'Italie - Paris, France	Radio broadcasting	Grupo Latino de Radio, S.L.	40.00%	
			Prisa División Internacional, S.L.	20.00%	
			GLR Services Inc.	100.00%	
GLR Networks, LLC	Baypoint Office Tower, 4770 Biscayne Boulevard, Suite 700 - Miami	Provision of services to broadcasters	Grupo Latino de Radio, S.L.	100.00%	
GLR Services Inc.	2100 Coral Way - Miami 33145 - Florida, USA	Provision of services to broadcasters	GLR Broadcasting LLC	100.00%	
GLR Southern California, LLC	2711 Centreville Road Suite 400 Wilmingston De 19080	Provision of services to broadcasters	Sociedad de Servicios Radiofónicos Unión Radio, S.L.	100.00%	2/91
Grupo Latino de Radio, S.L.	Gran Vía, 32 - Madrid	Development of the Latin radio market	Corporación Argentina de Radiodifusión, S.A.	30.00%	
LS4 Radio Continental, S.A.	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Radio broadcasting and advertising services	GLR Services Inc.	70.00%	
			Grupo Latino de Radio, S.L.	77.04%	
Promotora de Publicidad Radial, S.A.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Consortio Radial de Chile, S.A.	99.00%	
Publicitaria y Difusora del Norte Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Radio broadcasting	GLR Chile Ltda	1.00%	
			Comunicaciones del Pacífico S.A.	91.00%	
			Comunicaciones Santiago, S.A.	9.00%	
Radiodifusora Bethoven Valparaiso, Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Corporación Argentina de Radiodifusión, S.A.	30.00%	
Radio Estéreo, S.A.	Rivadavia 835 Ciudad Autónoma de Buenos Aires	Radio broadcasting and advertising services	GLR Services Inc.	70.00%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
Radio Mercadeo, Ltda.	Carrera, 39-A 1581 - Bogotá, Colombia	Commercial radio broadcasting services	Caracol, S.A. Caracol Estéreo, S.A. Ecos de la Montaña Cadena Radial Andina, S.A. Emisora Mil Veinte, S.A. Grupo Latino de Radio, S.L. Promotora de Publicidad Radial, S.A.	29.85% 0.35% 0.01% 0.35% 48.40% 0.35%	
Sociedad Radiodifusora del Norte, Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Consorcio Radial de Chile, S.A. Publicitaria y Difusora del Norte Ltda.	80.00% 20.00%	
Sociedad de Radiodifusión y Publicidad Exta Ltda.	Los Leones 2255 - Providencia, Santiago de Chile	Operation of radio broadcasting stations	Consorcio Radial de Chile, S.A. Publicitaria y Difusora del Norte Ltda.	80.00% 20.00%	
W3 Comm Inmobiliaria, S.A. de C.V.	Carretera Libre Tijuana Ensenada 3100 Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar Playas de Rosarito Baja California	Real estate development services	Grupo Latino de Radio, S.L. Prisa División Internacional, S.L.	99.99% 1 share	
<i>Proportionate consolidation</i>					
Cadena Radiodifusora Mexicana, S.A. de C.V.	Calzada de Tlalpan 3000 col Espartaco México Distrito Federal 04870	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Sistema Radiópolis, S.A. de C.V.	0.01% 99.99%	
GLR Costa Rica, S.A.	Llorente de Tibás, Edificio La Nación - San José, Costa Rica	Radio broadcasting	Grupo Latino de Radio, S.L.	50.00%	
Radio Comerciales, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Sistema Radiópolis, S.A. de C.V.	0.03% 99.97%	
Radio Melodía, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.99% 0.01%	
Radio Tapatía, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.99% 0.01%	
Radiotelevisora de Mexicali, S.A. de C.V.	Av. Reforma 1270 Mexicali Baja California Norte	Operation of radio broadcasting stations	Radio Comerciales, S.A. de C.V. Sistema Radiópolis, S.A. de C.V.	0.01% 99.99%	
Sistema Radiópolis, S.A. de C.V.	Av. Vasco de Quiroga 2000, México D.F.	Operation of radio broadcasting stations	Grupo Latino de Radio, S.L.	50.00%	
Xezz, S.A. de C.V.	Rubén Darío n° 158, Guadalajara - Mexico	Operation of radio broadcasting stations	Cadena Radiodifusora Mexicana, S.A. de C.V. Radio Comerciales, S.A. de C.V.	99.99% 0.01%	
<i>Equity method</i>					
El Dorado Broadcasting Corporation	2100 Coral Way - Miami, Florida, USA	Development of the Latin radio market in the USA	GLR Services INC.	25.00%	
Green Emerald Business Inc.	Calle 54 Obarrio N° 4, Ciudad de Panamá - Panama	Development of the Latin radio market in Panama	Grupo Latino de Radio, S.L.	34.95%	
WSUA Broadcasting Corporation	2100 Coral Way - Miami, Florida, USA	Radio broadcasting	El Dorado Broadcasting Corporation	100.00%	
W3 Comm Concesionaria, S.A. de C.V.	Carretera Libre Tijuana ensenada 3100 Rancho Altamira Blvd Popotla y Camino al FRACC Misión del Mar Playas de Rosarito Baja California	Advisory services on business administration and organisation	Grupo Latino de Radio, S.L.	48.98%	
MUSIC					
<i>Full consolidation</i>					
Compañía Discográfica Muxxic Records, S.A.	Gran Vía, 32 - Madrid	Production and recording of sound media	Gran Vía Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A.	99.99% 0.01%	2/91
Ediciones Musicales Horus, S.A.	Gran Vía, 32 - Madrid	Production and recording of sound media	Gran Vía Musical de Ediciones, S.L.	100.00%	2/91
Eurotropical de Producciones Discográficas, S.L.	Gran Vía, 32 - Madrid	Production and recording of sound media	Gran Vía Musical de Ediciones, S.L.	100.00%	2/91
Gran Vía Musical de Ediciones, S.L.	Gran Vía, 32 - Madrid	Provision of music services	Plural Entertainment España, S.L. Promotora de Informaciones, S.A.	0.01% 99.99%	2/91
Lyrics and Music, S.L.	Gran Vía, 32 - Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L.	100.00%	2/91
Media Festivals, S.A.	Gran Vía, 32 - Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A.	99.97% 0.03%	2/91
Nova Ediciones Musicales, S.A.	Gran Vía, 32 - Madrid	Music publishing	Gran Vía Musical de Ediciones, S.L. Promotora de Informaciones, S.A.	99.99% 0.01%	2/91
Planet Events, S.A.	Gran Vía, 32 - Madrid	Production and organisation of shows and events	Gran Vía Musical de Ediciones, S.L. Nova Ediciones Musicales, S.A.	50.99% 0.01%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
AUDIOVISUAL					
SOGEABLE					
<i>Full consolidation</i>					
Audiovisual Sport, S.L.	C/ Diagonal, 477 Barcelona	Management and distribution of audiovisual rights	Sogecable, S.A.	80.00%	61/96
CanalSatélite Digital, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	TV services	Sogecable, S.A.	99.99%	61/96
Centro de Asistencia Telefónica, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Services	Compañía Independiente de Televisión, S.L.	0.01%	
Compañía Independiente de Televisión, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Management and exploitation of audiovisual rights	Compañía Independiente de Televisión, S.L.	0.30%	61/96
Cinemanía, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Operation of thematic channels	Sogecable, S.A.	99.70%	
DTS, Distribuidora de Televisión Digital, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	TV services	Sogecable, S.A.	99.99%	61/96
Sociedad General de Cine, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Production and management of audiovisual rights	Sociedad General de Cine, S.A.	0.01%	
Sogecable, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Operation of TV activities	Compañía Independiente de Televisión, S.L.	90.00%	61/96
Sogecable Media, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Sale of advertising space	Sogecable, S.A.	10.00%	
Sogecable Editorial, S.L.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Royalties management	Compañía Independiente de Televisión, S.L.	0.01%	61/96
Sogepaq, S.A.	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Management and distribution of audiovisual rights	Sogecable, S.A.	99.99%	61/96
Vía Atención Comunicación, S.L.	Alcalá, 506 - Madrid	Digital TV services	Sogecable, S.A.	99.99%	61/96
<i>Proportionate consolidation</i>					
Canal Club de Distribución de Ocio y Cultura, S.A.	C/ Hermosilla, 112 - Madrid	Catalogue sales	Sogecable, S.A.	25.00%	
Canal + Investment Inc.	Beverly Hills, California, EE.UU.	Film production	Sogecable, S.A.	60.00%	
Compañía Independiente de Noticias de TV, S.L.	C/ Pablo Ruiz Picasso, s/n - Madrid	TV services	Sogecable, S.A.	50.00%	
Jetix España, S.L. (formerly Fox Kids España, S.L.)	Avenida de los Artesanos, 6 - Tres Cantos - Madrid	Operation of thematic channels	Compañía Independiente de Televisión, S.L.	50.00%	
LOCAL TELEVISION					
<i>Full consolidation</i>					
Axarquía Visión, S.A.	Paseo de Reding, 7 - Málaga	Local TV services	Málaga Altavisión, S.A.	80.00%	
Canal 4 Navarra, S.L.	Avenida Sancho el Fuerte, 18 - Pamplona	Production and broadcasting of videos and TV programmes	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Canal 4 Navarra Digital, S.A.	Polígono Industrial Cordovilla - Navarra	Local TV services	Canal 4 Navarra, S.L.	100.00%	2/91
Collserola Audiovisual, S.L.	Plaza Narcis Oller N°6 1º, 1ª - 08006 Barcelona	Local TV services	Legal Affairs Consilium, S.L.	92.00%	
Comunicación Radiofónica, S.A.	Gran Vía, 32 - Madrid	Operation of radio broadcasting stations	Promotora de Emisoras de Televisión, S.A.	0.50%	
Comunicaciones y Medios Audiovisuales Tele Alcalá, S.L.	Encomienda, 33 - Alcalá de Henares	Local TV services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Legal Affairs Consilium, S.L.	Plaza Narcis Oller N°6 1º, 1ª - 08006 Barcelona	Local TV services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Localia TV Madrid, S.A.	Gran Vía, 32 - Madrid	Local TV services	Promotora de Emisoras, S.L.	1 share	2/91
Localia TV Valencia, S.A.	Don Juan de Austria 3 - 46002 Valencia	Local TV services	Promotora de Emisoras de Televisión, S.A.	100.00%	2/91
Málaga Altavisión, S.A.	Paseo de Reding, 7 - Málaga	Production and broadcasting of videos and TV programmes	Promotora de Emisoras de Televisión, S.A.	100.00%	
Marbella Digital Televisión, S.A.	Paseo de Reding, 7 - Málaga	Local TV services	Málaga Altavisión, S.A.	73.72%	
Productora Asturiana de Televisión, S.A.	Asturias, 19 - Oviedo	Local TV services	Promotora de Emisoras de Televisión, S.A.	100.00%	
Productora Audiovisual de Badajoz, S.A.	Ramón Albarrán, 2 - Badajoz	Local TV services	Promotora de Emisoras de Televisión, S.A.	59.99%	
Productora Audiovisual de Mallorca, S.A.	Puerto Rico, 15 - Palma de Mallorca	Local TV services	Promotora de Emisoras de Televisión, S.A.	61.45%	
Productora de Comunicación Toledo, S.A.	Carreteros, 1 - Toledo	Local TV services	Promotora de Emisoras de Televisión, S.A.	99.84%	2/91
Productora de Televisión de Córdoba, S.A.	Amatista s/n, Polígono El Granadall - Córdoba	Local TV services	Promotora de Emisoras de Televisión, S.A.	74.84%	
			Localia TV Madrid, S.A.	0.01%	2/91
			Promotora de Emisoras de Televisión, S.A.	99.99%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
Productora Digital de Medios Audiovisuales, S.A. Productora Extremeña de Televisión, S.A. Promoción de Actividades Audiovisuales en Canarias, S.A.	Juan de la Cierva, 72 - Polígono Industrial Prado Regordano - Móstoles J. M. R. "Azorín", Ed. Zeus, Polígono La Corchera - Mérida, Badajoz Avenida Anaga, 35 - Santa Cruz de Tenerife	Local TV services Local TV services TV communication activities in the Canary Islands	Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras, S.L Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A.	100.00% 51.00% 100.00% 1 share 55.00%	2/91
Promociones Audiovisuales Sevillanas, S.A. Promotora Audiovisual de Zaragoza, S.L.	Rafael González Abreu, 3 - Sevilla Emilia Pardo Bazán, 18 - Zaragoza	Production and broadcasting of videos and TV programmes Local TV services	Localia TV Madrid, S.A. Promotora de Emisoras de Televisión, S.A.	1 share 99.90%	2/91
Promotora de Emisoras, S.L Promotora de Emisoras de Televisión, S.A. Telecomunicación Antequera, S.A. Televisión, Medios y Publicidad, S.L. TV Local Eivissa, S.L.	Gran Vía, 32 - Madrid Gran Vía, 32 - Madrid Aguardenteros, 15 - Antequera, Málaga Quitana, 38 - Alicante Avenida San Jordi s/n - Edificio Residencial - Ibiza	Broadcasting services Operation of TV channels Local TV services TV services TV services	Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras, S.L Málaga Altavisión, S.A. Promotora de Emisoras de Televisión, S.A. Productora Audiovisual de Mallorca, S.A.	100.00% 75.00% 93.01% 100.00% 100.00%	2/91 2/91 2/91
<u>Equity method</u>					
Albarizas Comunicación, S.A. Canal Bilbao, S.A. Canal Gásteiz televisión, S.L Compostela Visión, S.L. Ferrovisión, S.L. Guipúzcoa Televisión, S.A. Grupo de Comunicación y Televisión Castilla La Mancha, S.A. Productora Canaria de Programas, S.A. Productora de Televisión de Almería, S.A.	Avenida del Membrillar s/n - Jerez de la Frontera, Cádiz Ribera Elorrieta, 3 - Bilbao Portal de Gamarra 23, Pabellón A-01013 Gásteiz-Vitoria, Álava Rua Nova 32, 2ª planta 15705 Santiago de Compostela-La Coruña Arce s/n, Ferrol Libertad, 17 - San Sebastián C/Pais Valenciano 5 - Ciudad Real Enrique Wolfson, 17 - S. C. de Tenerife Avenida del Mediterráneo 150 - Edificio Laura 1ª Planta - Almería	Production and broadcasting of videos and TV programmes Local TV services Local TV services Development of the Latin radio market Local TV services Local TV services Local TV services Development of a promotional TV channel for the Canary Islands Local TV services	Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Unión de Televisiónes Gallegas, S.A. Unión de Televisiónes Gallegas, S.A. Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Promoción de Actividades Audiovisuales en Canarias, S.A. Novotécnica, S.A. Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Diario Jaén, S.A. Promotora de Emisoras de Televisión, S.A. Radio Jaén, S.L. Unión de Televisiónes Gallegas, S.A. Promotora de Emisoras de Televisión, S.A. Gipúzcoa Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Unión de Televisiónes Gallegas, S.A. Promotora de Emisoras de Televisión, S.A.	50.00% 30.00% 30.00% 100.00% 100.00% 40.00% 33.33% 40.00% 58.51% 33.27% 31.07% 43.34% 25.00% 20.01% 25.00% 100.00% 49.00% 90.00% 0.09% 100.00% 34.92%	
Productora de Televisión de León, S.A. Productora de Televisión de Salamanca, S.A. Promotora Audiovisual de Jaén, S.A.	República Argentina, 28 - León Arco, 16-20 - Salamanca Avenida del Ejército Español, 6 - Jaén	Local TV services Local TV services Local TV services	Promotora de Emisoras de Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Diario Jaén, S.A.	31.07% 43.34% 25.00%	
Radiotelevisión Compostela, S.L. Riotedisa, S.A. Televisión Bidasoa, S.L Televisión Digital de Baleares, S.L. Televisión Pontevedra S.A. Unión de Televisiónes Gallegas, S.A.	Fuencarral, 123 - Madrid Avenida de Portugal, 12 - Logroño Señor Aranzate, 10 20304 - Irún, Guipúzcoa Avenida Setze de Juloi, 53 Palma de Mallorca - Islas Baleares Castelao 3 B 1º - Pontevedra Plaza de Orense, 3 - La Coruña	Local TV services Audiovisual productions for TV Local TV services Local TV services Local TV services Operation of local audiovisual media	Unión de Televisiónes Gallegas, S.A. Promotora de Emisoras de Televisión, S.A. Gipúzcoa Televisión, S.A. Promotora de Emisoras de Televisión, S.A. Unión de Televisiónes Gallegas, S.A. Promotora de Emisoras de Televisión, S.A.	100.00% 49.00% 90.00% 0.09% 100.00% 34.92%	
PLURAL					
<u>Full consolidation</u>					
Chip Audiovisual, S.A. Factoría Plural, S.L. Plural Entertainment Canarias, S.L. Plural Entertainment España, S.L.	Coso, 100 planta 3ª puerta 4-50001 Zaragoza C/ Biarritz, 2 - 50017 Zaragoza Dársena Pesquera - Edif. Plató del Atlántico - San Andrés 38180 Gran Vía, 32 - Madrid	Audiovisual productions for TV Production and distribution of audiovisual content Production and distribution of audiovisual content Production and distribution of audiovisual content	Factoría Plural, S.L. Plural Entertainment España, S.L. Plural Entertainment España, S.L. Promotora de Emisoras, S.L Promotora de Informaciones, S.A. Plural Entertainment España, S.L. Plural Entertainment España, S.L.	50.00% 51.00% 100.00% 0.01% 99.99% 100.00% 80.80%	2/91
Plural Entertainment Inc. Tesela Producciones Cinematográficas, S.L.	1680 Michigan Avenue, Suite 730 - Miami Beach - EE.UU. Gran Vía, 32 - Madrid	Production and distribution of audiovisual content Production and distribution of audiovisual content	Plural Entertainment España, S.L. Plural Entertainment España, S.L.	100.00% 80.80%	2/91
<u>Proportionate consolidation</u>					
Sociedad Canaria de Televisión Regional, S.A.	Avenida de Madrid s/n - Tenerife	Audiovisual productions for TV	Plural Entertainment España, S.L.	40.00%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogetel, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP
MEDIA CAPITAL					
<i>Full consolidation</i>					
Vertex, SGPS, S. A.	Rua de las Amoreiras, 107 - Lisboa, Portugal	Holding company	Promotora de Informaciones, S.A.	100.00%	
<i>Equity method</i>					
Grupo Media Capital, SGPS, S. A.	Rua Mário Castlhano nº 40, Queluz de Baixo, Portugal	Production and distribution of TV and radio programmes and magazines	Vertex, SGPS, S.A	33.00%	
INTERNATIONAL TV					
<i>Equity method</i>					
ATB Illimani de Comunicaciones y Asociados del Valle, S.A. - ATB Cochabamba	Tupiza, 1140 - Recoleta, San Benito - Bolivia	Operation of TV and radio programmes	Illimani de Comunicaciones, S.A. - ATB La Paz	80.00%	
ATB Santa Cruz Televisión, S.A. - ATB Santa Cruz	Avenida Cristo Redentor, 33-55 - Santa Cruz, Bolivia	Operation of TV and radio programmes	Inversiones en Radiodifusión, S.A.	0.00%	
			Illimani de Comunicaciones, S.A. - ATB La Paz	99.34%	
			Inversiones en Radiodifusión, S.A.	0.46%	
			Compañía Regional de Televisión Potosí, S. R. L. - ATB	0.20%	
Illimani de Comunicaciones, S.A. - ATB La Paz	Avenida Argentina, 2057 - La Paz, Bolivia	Operation of TV and radio programmes	Inversiones en Radiodifusión, S.A.	75.00%	
Inversiones en Radiodifusión, S.A. (Bolivia)	Federico Zuazo, 1598 - La Paz, Bolivia	Operation of TV channels in Bolivia	Promotora de Informaciones, S.A.	25.00%	

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
DIGITAL					
<u>Full consolidation</u>					
Prisacom, S.A.	Gran Vía, 32 - Madrid	Internet services	Oficina del Autor, S.A.	0.01%	2/91
			Promotora de Informaciones, S.A.	99.99%	
Santillana en Red, S.L.	Ribera del Sena s/n. Edificio APOT. Madrid	Multi-media publishing	Prisacom, S.A.	50.00%	2/91
			Santillana Educación, S.L.	50.00%	
<u>Equity method</u>					
Información, Telefonía y Comunicación, S.A.	Argentina, 2057, La Paz, Bolivia	Telecommunications services	Inversiones Digitales, S.A.	98.00%	
			Inversiones en Radiodifusión, S.A.	1.00%	
			Inversiones Grupo Multimedia de Comunicaciones, S.A.	1.00%	
Inversiones Digitales, S.A.	Federico Zuazo, 1598, La Paz - Bolivia	Holding company	Inversiones Grupo Multimedia de Comunicaciones, S.A.	50.00%	
			Prisacom, S.A.	50.00%	
Sistemtel Telecomunicaciones Bolivia, S.A.	Argentina, 2057, La Paz, Bolivia	Telecommunications services	Inversiones Digitales, S.A.	99.85%	
			Inversiones en Radiodifusión, S.A.	0.08%	
			Inversiones Grupo Multimedia de Comunicaciones, S.A.	0.08%	
<u>Proportionate consolidation</u>					
Infotecnia 11824, S.L.	Ronda de Poniente 7, Tres Cantos - Madrid	Telecommunications services	Prisacom, S.A.	50.00%	
PRINTING					
<u>Full consolidation</u>					
Prisaprint, S.L.	Gran Vía, 32 - Madrid	Management of printing companies	Grupo Empresarial de Medios Impresos, S.L.	0.01%	2/91
			Promotora de Informaciones, S.A.	99.99%	
Ediciones Bidasoa, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	Prisaprint, S.L.	100.00%	2/91
<u>Proportionate integration</u>					
Altamira Press, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Hispánica, S.A.	100.00%	
Bidasoa Press, S.L.	Gran Vía, 32 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Dédalo Altamira, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Dédalo Grupo Gráfico, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Prisaprint, S.L.	40.00%	
Dédalo Heliocolor, S.L. (formerly Polestar Heliocolor, S.L.)	C/ Camino de los Afligidos S/N - Alcalá de Henares - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Distribuciones Aliadas, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Gráficas Integradas, S.A.	C/ Camino de los Afligidos S/N - Alcalá de Henares - Madrid	Printing of published materials	Dédalo Hispánica, S.A.	100.00%	
Macrolibros, S.A.	C/ Vázquez de Menchaca, 9, Polígono Industrial Argales - Valladolid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	0.01%	
			Mateu Cromo Artes Gráficas, S.A.	99.99%	
Mateu Cromo Artes Gráficas, S.A.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	
Mateu Liber, S.L.	Carretera de Pinto a Fuenlabrada, km. 20,8 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	99.50%	
			Mateu Cromo Artes Gráficas, S.A.	0.50%	
Norprensa, S.A.	Gran Vía, 32 - Madrid	Printing of published materials	Dédalo Grupo Gráfico, S.L.	100.00%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
<u>DISTRIBUTION</u>					
<i>Full consolidation</i>					
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	Gestión de Logística Editorial, S.L.	95.00%	2/91
Distriletoledo, S.L.	Polígono Industrial de Toledo II Fase. C/ Arrollo Gadea,9 (45007) Toledo	Distribution and sale of published materials	Gestión de Logística Editorial, S.L.	60.00%	
Gestión de Logística Editorial, S.L.	Samaniego s/n nave 19 Madrid	Distribution and sale of published materials	Redprensa, S.L.	50.00%	
Redprensa, S.A.	Gran Vía, 32 - Madrid	Holding company	Promotora de Informaciones, S.A.	100.00%	
<i>Equity method</i>					
Beralán, S.L.	Avenida Ama Kandida, 21 - Guipúzcoa	Distribution of published materials	Redprensa, S.L.	22.25%	2/91
Cirpress, S.L.	Autopista A8 Km 14,4 - Arribas, Asturias	Distribution of published materials	Redprensa, S.L.	24.70%	
Diserpe, S.R.L.U.	C/ Dels Argenters 4, P.I. Vara de Quart. - 46014 Valencia	Distribution of published materials	Val Disme, S.L.	100.00%	
Distribuciones Papiro, S.L.	Dtor. Ferrán s/n, Polígono Industrial El Montalbo - Carbajosa de la Sagrada, Salamanca	Distribution of published materials	Redprensa, S.L.	25.14%	
Distribuciones Ricardo Rodríguez, S.L.	Polígono Asegra.C/ Córdoba	Distribution of published materials	Distrimedios, S.L.	70.00%	
Distribuidora Almeriense de Publicaciones, S.L.	Sierra Cabrera, 1. Polígono Industrial La Juaida - Viator, Almería	Distribution of published materials	Novotécnica, S.L.	30.00%	
Distribuidora Cordobesa de Medios Editoriales, S.L.	Polígono Industrial Chinales, naves 7 y 8, parcela 29 - Córdoba	Distribution of published materials	Distrimedios, S.L.	70.00%	
Distribuidora de Publicaciones Boreal, S.L.	Avenida de Fuentemar, 29 - Coslada, Madrid	Distribution of published materials	Redprensa, S.L.	29.00%	
Distribuidora Jienense de Publicaciones, S.L.	Polígono Industrial Los Olivares, calle 5, parcela 526 - Jaén	Distribution of published materials	Distrimedios, S.L.	100.00%	
Distrigalicia, S.L.	Carretera de Catabais Km. 3,300 de Ferrol (A Coruña)	Storage and distribution of published materials	Distribuidora de Publicaciones Boreal, S.L.	100.00%	
Distrimedios, S.L.	Agricultura, Parcela D-10 (P. Empresarial) - Jerez, Cádiz	Distribution of published materials	Redprensa, S.L.	29.00%	
Marina Press Distribuciones, S.L.	Pere IV, 467 - Barcelona	Distribution of published materials	Redprensa, S.L.	30.00%	
Prensa Serviodiel, S.L.	Polígono Tartessos 309, Calle A - 21610 San Juan del Puerto (Huelva)	Distribution of published materials	Distrimedios, S.L.	70.00%	
Souto, S.L.	Polígono Industrial Ocea, C/Da Industria, 107. 27290. Lugo	Distribution of publications	Distribuidora de Publicaciones Boreal, S.L.	100.00%	
Suscripciones de Medios Editoriales, S.L.	C/De la Agricultura, Parque Empresarial Parcela D1 - 11407 Jeréz de la Frontera	Distribution of published materials	Distrimedios, S.L.	100.00%	
Trecedis, S.L.	C/Avenida de Bruselas, 5. Arrollo de la Vega - 28108 Alcobendas	Distribution of publications	Beralán, S.L.	7.69%	
			Cirpress, S.L.	7.69%	
			Distribuciones Papiro, S.L.	7.69%	
			Distribuidora de Publicaciones Boreal, S.L.	7.69%	
			Distrimedios, S.L.	7.69%	
			Gestión de Logística Editorial, S.L.	7.69%	
			Marina Press Distribuciones, S.L.	7.69%	
			Val Disme, S.L.	7.69%	
Val Disme, S.L.	Trajiners, 3 - Valencia	Distribution of published materials	Redprensa, S.L.	23.75%	
<u>MEDIA ADVERTISING SALES</u>					
<i>Full consolidation</i>					
Gerencia de Medios, S.A.	Gran Vía, 32 - Madrid	Contracting of advertising exclusives	Promotora de Informaciones, S.A.	99.99%	2/91
			Redprensa, S.L.	0.01%	
GDM Publicidad Electrónica, S.A.	Gran Vía, 32 - Madrid	Design and development of image applications	Gerencia de Medios, S.A.	51.00%	2/91
Prisa Innova, S.L.	Gran Vía, 32 - Madrid	Management of promotional products and services	Diario El País, S.L.	0.05%	
			Gerencia de Medios, S.A.	99.95%	
Solomedios, S.A.	Gran Vía, 32 - Madrid	Advertising management	Gerencia de Medios, S.A.	99.97%	2/91
			Promotora de Informaciones, S.A.	0.03%	
Ocio Media Realizaçao de Eventos e Publicidades, S. A.	Estrada Da Outurela, 118. 2794-084 Carnaxide. Portugal	Media advertising sales	Gerencia de Medios, S. A.	100.00%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogetel, S.A.: 61/96

COMPANIES INCLUDED IN THE SCOPE OF CONSOLIDATION: 2006

APPENDIX I

COMPANY	REGISTERED OFFICE	LINE OF BUSINESS	COMPANY OWNING THE HOLDING	December 2006	
				OWNERSHIP INTEREST	TAX GROUP (*)
OTHER BUSINESSES					
<i>Full consolidation</i>					
Oficina del Autor, S.L.	Gran Vía, 32 - Madrid	Management of publishing rights and author representation	Prisacom, S.A.	0.01%	2/91
Prisa División Inmobiliaria, S.L.	Gran Vía, 32 - Madrid	Lease of commercial and industrial premises	Promotora de Informaciones, S.A.	99.99%	
			Grupo Santillana de Ediciones, S.L.	0.01%	2/91
Prisa División Internacional, S.L.	Gran Vía, 32 - Madrid	Holdings in foreign companies	Promotora de Informaciones, S.A.	99.99%	
			Grupo Empresarial de Medios Impresos, S.L.	1 share	2/91
Prisa Finance (Netherlands) BV	Gran Vía, 32 - Madrid	Holdings in and financing of companies	Promotora de Informaciones, S.A.	99.00%	
Prisa Inc.	5300 First Union Financial Centre, Miami, Florida, EE.UU.	Business management in the US and North America	Promotora de Informaciones, S.A.	100.00%	
Promotora de Actividades Audiovisuales de Colombia, Ltda.	Calle 80, 10 23 Bogotá D.C. (Colombia)	Production and distribution of audiovisual content	Prisa División Internacional, S.L.	100.00%	
			Promotora de Informaciones, S.A.	99.00%	
			Promotora de Informaciones, S.A.	1.00%	
<i>Proportionate integration</i>					
GLP Colombia, Ltda	Carrera 9, 9907 Oficina 1200, Bogotá, Colombia	Operation and sale of all manner of advertising	Prisa División Internacional, S.L.	50.00%	
<i>Equity method</i>					
Iberbanda, S.A.	Paseo de la Castellana, 110 - Madrid	Creation, development and management of communications network	Promotora de Informaciones, S.A.	21.69%	

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

(*) Consolidated tax group of Antena 3 de Radio, S.A.: 3/95

(*) Consolidated tax group of Sogecable, S.A.: 61/96

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

Consolidated 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)
SUBSIDIARIES
CONSOLIDATED DIRECTORS' REPORT FOR 2006

1. BUSINESS PERFORMANCE

Organisational matters

In the last few months of 2006, Prisa undertook a business restructuring that culminated in the merger of the radio activities in Spain and abroad. Under the new structure, the Group's activities are organised into four main areas: Press, Radio, Education-Publishing and Audiovisual, complemented by the Digital activity, which operates across all the areas.

Press activities include the El País, Specialized and Regional Press and Magazine businesses, as well as the International Press business that used to be included in International Media.

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

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

Audiovisual brings together the Local TV business, Audiovisual Production (Plural) and Sogecable, which is fully consolidated since 1 April 2006. The 33% stake in the Portuguese group Media Capital is accounted for by the equity method.

The Digital business includes the activities of Prisacom.

Other covers businesses such as Advertising Agency (GDM), Printing (Dédalo), Distribution, Real Estate and Corporate.

The *most relevant events* in the period from January to December 2006 were as follows:

- Prisa reported a **net profit** of EUR 228.9 million (up 49.8%) in 2006.
- **Revenue** increased by 89.6% and **profit from operations** (EBIT) rose to EUR 285.9 million (up 30.7%).

- **Advertising revenue rose by 45.8%**, underpinned by growth in the Radio business (up 20.2% - Spain: 18.2%, International: 15.6%), El País (up 7.9%), Diario As (up 27.5%) and Localia (up 14.4%) and the contribution from advertising revenue at Sogecable.
- **Santillana's revenue (EUR 488.8 million) increased by 16.6%**. The sales performance in Brazil (up 63.2%), Chile (up 41.1%) and Venezuela (up 37.1%) was notable. Spain performed favourably and increased its market share by one percentage point.
- **AS increased its total revenue by 10.6%**, increasing circulation revenues by 10.5% and gaining market share.
- **The Digital area (Prisacom) reached positive operating results**, with increased revenue (+42.7%) and improved margins.
- **The audiovisual production area (Plural) reached break-even** at operating level.
- **Digital + reached 2,044,000 subscribers** at 31 December 2006.
- **Cuatro reported an average audience share of 6.4%** in 2006, which exceeded expectations.

Other important events in 2006 were as follows:

- In November 2005 **Prisa** submitted to the Spanish National Securities Market Commission (CNMV) a takeover bid for 20% of **Sogecable**. As a result of this offer and of subsequent capital increases carried out at Sogecable to acquire equity interests and to cover the share option plans, Prisa's stake in Sogecable reached 42.94%.
- **The Prisa and Godó** Groups created the largest radio company in the Spanish-speaking territory through the merger of the radio activities in Spain and abroad. The new company (Unión Radio) is 80% owned by Prisa and 20% owned by the Godó Group.
- **Prisa** launched a voluntary takeover bid for 100% of **Grupo Media Capital** at EUR 7.40 per share. 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. After this transaction, Prisa's indirect ownership interest in Media Capital, S.G.P.S., S.A. stood at 73.70%. In view of the final results of this voluntary takeover bid, on 6 February 2007 Prisa notified that it had launched a mandatory takeover bid for the remaining 26.30%.

- The Board of Directors of Prisa **appointed Ignacio Polanco Moreno Deputy Chairman** and resolved to appoint him Chairman of the Group if his father , Jesús Polanco Gutiérrez, stands down in the future.
- **Prisa** sold **Radio Latina**, the Group's radio station located in Paris.
- **Prisa** acquired **Iberoamerican Radio Chile**, the leading radio group in Chile. The deal is subject to approval by the Chilean Competition Authority.
- **Prisa** sold its stake in **Odiel Press**, the publishing company of the *Odiel Información* newspaper in Huelva.

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

- **Antena 3 Radio** is fully consolidated in the Prisa Group since 1 January 2006.
- **Sogecable** is fully consolidated in the Prisa Group since 1 April 2006.

INCOME STATEMENT

Millions of euros	JANUARY - DECEMBER		
	2006	2005	% Change
Operating revenue	2,811.76	1,483.09	89.6
EBITDA	531.46	314.48	69.0
EBIT	285.95	218.70	30.7
Net financial loss	(110.80)	(22.80)	-
Loss of companies accounted for by the equity method and loss from other investments	(8.73)	(29.62)	70.5
Profit before tax	166.42	166.28	0.1
Income tax	64.36	2.94	-
Loss from discontinued operations	(0.45)	(9.72)	-
Profit attributed to minority interests	(1.42)	(6.69)	78.8
Net profit	228.91	152.81	49.8
EBITDA margin	18.9%	21.2%	
EBIT margin	10.2%	14.7%	

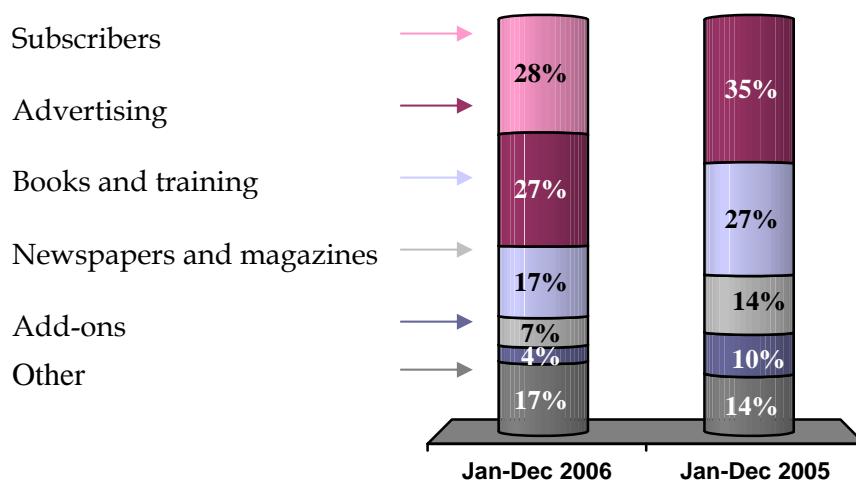
OPERATING REVENUE

In 2006, total operating revenue increased by 89.6% to EUR 2,811.76 million, compared to EUR 1,483.09 million in 2005. The consolidation of Sogecable changed the revenue composition and the trend in margins. The breakdown by **business line** is as follows:

Millions of euros	JANUARY - DECEMBER		
	2006	2005	% Change
Advertising ¹	765.20	524.75	45.8
Books and training	475.54	403.86	17.7
Newspapers and magazine sales	200.82	203.90	(1.5)
Subscriber revenue	795.60	-	-
Audiovisual revenue	219.34	25.71	-
Add-ons revenue ²	99.78	151.98	(34.3)
Printing sales ³	53.76	58.74	(8.5)
Income from fixed assets	27.79	2.82	-
Other income ⁴	173.92	111.34	56.2
Total operating revenue	2,811.76	1,483.09	89.6

Subscriber revenue related to Sogecable represents 28% of total operating revenue. The relative weight of Advertising is reduced to 27% of operating revenue (35% last year); books and rights represent 17% (27% in 2005) and newspaper and magazine sales account for 7%.

The chart below shows the revenue contribution by the various business lines in 2006 and 2005:



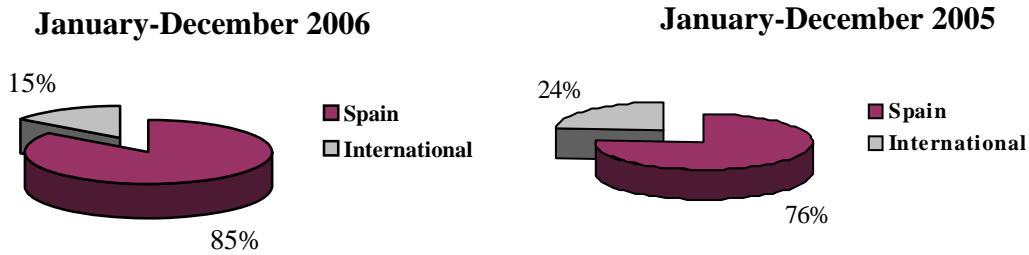
The breakdown of operating revenue by geographical area is as follows:

¹ "Advertising" includes not only advertising sales but also sponsorship revenues which were formerly included in "Other Income". The 2005 figures also include sponsorship revenues to make figures comparable.

² "Add-ons Revenue" includes add-ons and collections (collections were formerly included in "Other Income"). The 2005 figures also include collection revenue to make figures comparable.

³ Represents 40% of the revenue obtained by Dédalo, the company resulting from the merger of Prisaprint, Polestar Spain and the equity investment owned by Ibersuizas.

⁴ This item includes telephone marketing services, transmission services, intermediation services, music sales (in 2005), events, e-commerce, Internet services, rentals and other income.



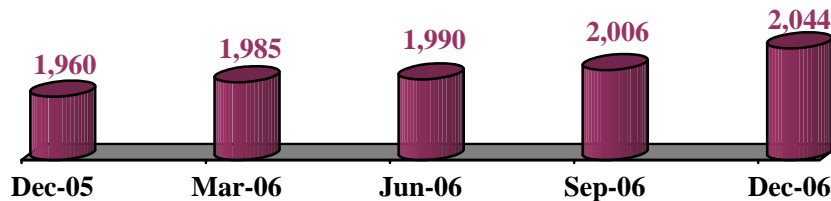
The integration of Sogecable reduced the relative weight of **international revenue**. In 2006, revenue from the international area accounted for 15% as compared with 24% in 2005.

Santillana accounted for 76% of the Group's international revenue, International Press and Radio activities for 21% and Dédalo (Printing) accounted for 3%

➤ Subscriber revenue

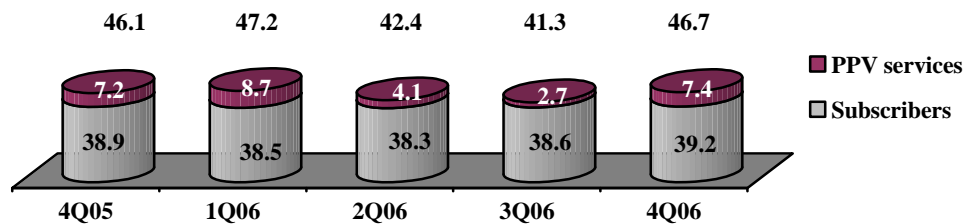
In 2006 DIGITAL+ increased its net subscriber base by over 84,000 new subscribers, reaching 2,044,000 customers at 31 December 2006. During the fourth quarter, Digital + added over 38,000 net new subscribers to its service.

Trend in Digital+ subscribers (thousands of subscribers)



The monthly average revenue per customer (ARPU) in the fourth quarter of 2006 was EUR 46.7.

Trend in Digital+ ARPU (euros)



The cancellation rate stood at 11.5% at 31 December 2006, showing a downward trend in the last three quarters of the year.

➤ Advertising⁵

Advertising revenue (EUR 765.20 million) increased by 45.8%, including the revenue arising from the full consolidation of Antena 3 Radio and Sogecable since 1 January and 1 April 2006, respectively. Discounting these two effects, the Group's advertising revenue would have increased by 10.9%, almost double the estimated market average. The trend in advertising revenue, by business line, in 2006 was as follows:

ADVERTISING REVENUE	JANUARY-DECEMBER		
	2006	2005	% Change
Millions of euros			
Press	259.16	240.84	7.6%
El País	205.13	190.12	7.9%
Specialized & Regional Press	50.39	45.44	10.9%
AS	18.93	14.84	27.5%
Cinco Días	11.00	10.40	5.7%
Regional Press	12.47	12.04	3.5%
Magazines	7.92	8.10	(2.2%)
Other	0.08	0.05	64.0%
International Press	4.92	6.14	(19.9%)
Consolidation adjustments	(1.27)	(0.86)	(48.3%)
Radio	319.06	265.38	20.2%
Radio in Spain	243.64	206.05	18.2%
International radio	68.78	59.50	15.6%
Music (GVM)	6.67	0.00	---
Consolidation adjustments	(0.03)	(0.17)	82.1%
Audiovisual	187.00	17.45	---
Cuatro	144.93	---	---
Digital+	21.97	---	---
Local TV	19.97	17.45	14.4%
Other	0.13	0.00	---
Digital	10.66	5.99	78.0%
Other (GDM)	0.60	1.27	(53.1%)
Consolidation adjustments	(11.28)	(6.18)	(82.5%)
TOTAL	765.20	524.75	45.8%

As regards the performance of advertising revenue by area, local advertising increased by 26% compared to 2005, national advertising rose by 9.7% (excluding the effect of the

⁵ "Advertising" includes advertising and sponsorship sales (sponsorship sales were formerly included in "Other Income"). The 2005 figures also include sponsorship revenue to make figures comparable.

full consolidation of Sogecable), and international advertising grew by 13% in all the media as a whole.

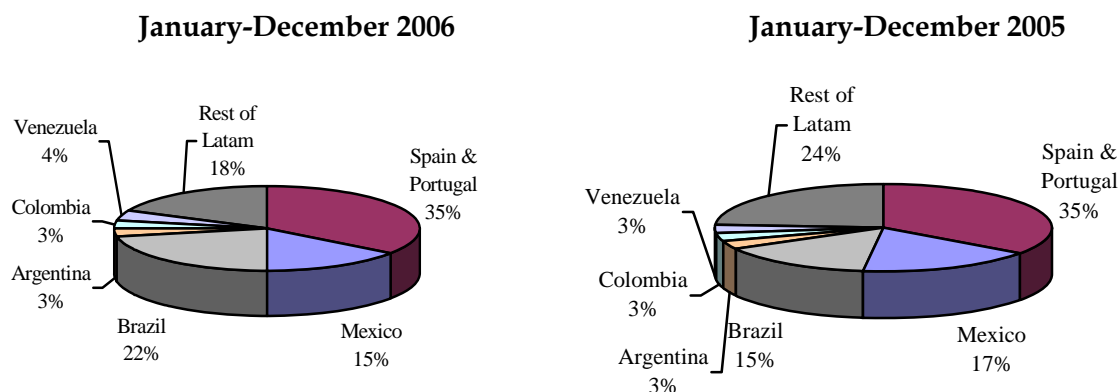
➤ **Books and training**

Books and training sales increased by 17.7% year-on-year (EUR 475.5 million in 2006 as compared with EUR 403.9 million in 2005).

Mention should be made of the sales performance in Brazil (up 63.2%), Chile (up 41.1%) and Venezuela (up 37.1%). Growth in Spain was 3.2%, reasonably lower than in Latin America, but market share increased by one percentage point.

Local currency fluctuations against the dollar made a positive contribution and boosted revenue by EUR 8.6 million. Excluding this effect, revenue would have increased by 14.5%.

The geographical breakdown of revenue was as follows:



In 2006 Brazil became the second most important country in terms of revenue from the Education business as a result of the success of its campaigns.

➤ **Newspaper and magazine sales**

Revenues from **newspaper and magazine sales**, which amounted to EUR 200.82 million, decreased by 1.5% in 2006, although the positive performance in the last quarter enabled the Group to partially offset the fall registered through September (-2.8%).

The average daily and weekend circulation of **El País** amounted to 432,204 and 742,723 copies, respectively. During the last quarter of the year, the average daily circulation increased year-on-year, which enabled the Group to close the year with a 4.7% decrease in copies, which is lower than the 6.9% decline registered in September. Nevertheless, El País maintained its leadership position with a market share of 28.5%.

The sports newspaper **AS** increased its average daily circulation by 2.4%, to stand at 214,654 copies, increasing its market share by one percentage point.

Cinco Días performed favourably and increased its circulation by 11.7%.

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

	January-December 2006	January-December 2005	% Change
El País	432,204	453,602	(4.7)
AS	214,654	209,585	2.4
Cinco Días	33,997	30,425	11.7

➤ **Add-ons revenue⁶**

In 2006 revenue from add-on products amounted to EUR 99.8 million, with an EBIT margin of 14.3%.

El País's contribution to total add-ons revenue amounted to EUR 80.0 million, with an EBIT margin of 16.8%. Some of the most successful add-ons this year were "Historia del Arte", "Cine de Oro 2", "La Mirada del Tiempo", "Cine en Español" and "Mozart".

Prisa Innova, the company set up to manage and coordinate the Group's add-ons activity, reached several agreements with third parties, such as Le Monde in France, Corriere Della Sera in Italy and Diario de Noticias and Jornal de Noticias in Portugal, to sell products in Europe and also in Latam. Prisa Innova generated revenue amounting to EUR 5.81 million in 2006.

➤ **Audiovisual revenue**

"Audiovisual Revenue" includes sales of audiovisual rights both at Prisa and Sogecable, programme sales and production, film distribution revenue and sales of channels to cable operators by Sogecable. Total revenue in this connection amounted to EUR 219.34 million in 2006 compared to EUR 25.71 million in 2005. This difference is mainly due to the full consolidation of Sogecable.

➤ **Printing sales**

Printing sales amounted to EUR 53.76 million, down 8.5% from 2005.

⁶ "Add-ons and Collection Revenue" includes not only add-ons revenue but also collection revenue (collection revenue was formerly included in "Other Income").

➤ Income from fixed assets

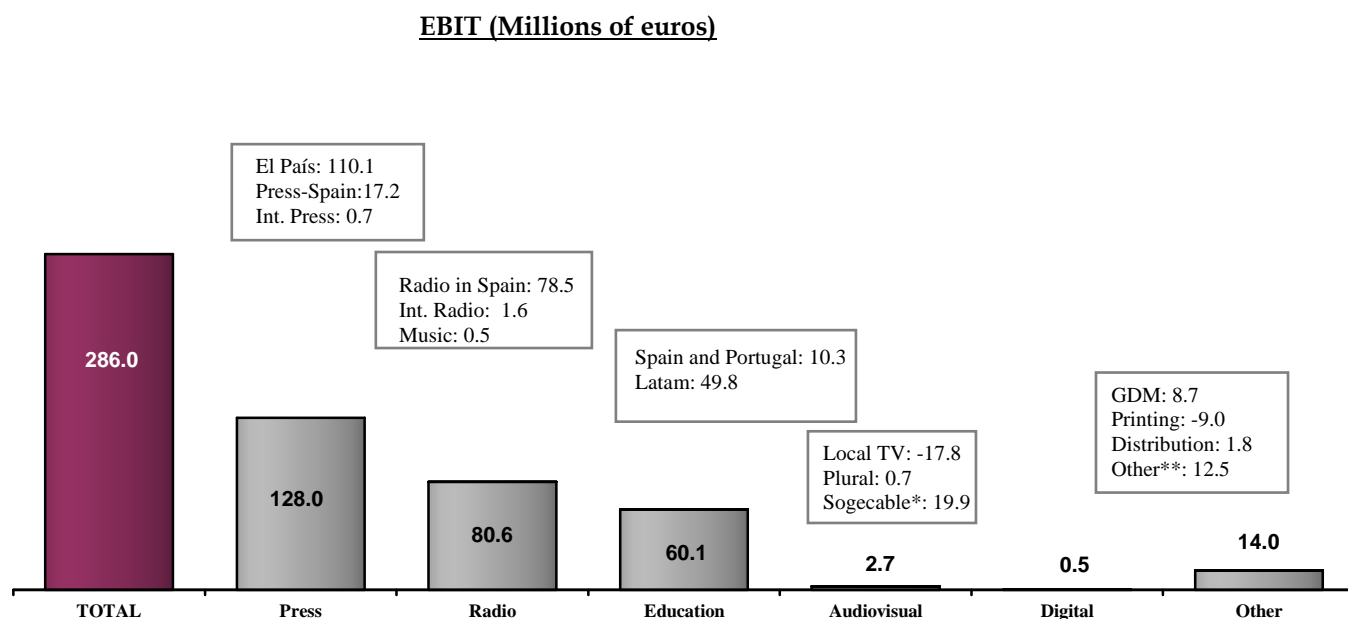
The balance of EUR 27.79 million includes mainly the following items:

- A gain of EUR 18.45 million on the sale of the 20% stake in Grupo Latino de Radio (the company that integrates the International Radio activity) to the Spanish media Godó Group. The total sale price was EUR 35 million.
- A gain of EUR 4.38 million on the disposal of land by Prisa División Inmobiliaria.
- A gain of EUR 3.07 million on the disposal of Radio Latina, the Group's radio station located in Paris.

PROFIT FROM OPERATIONS

The Group's profit from operations (EBIT) amounted to EUR 285.95 million compared to EUR 218.70 million in 2005 (up 30.7%).

The breakdown of profit from operations by business line is as follows:



* Sogecable is fully consolidated since 1 April 2006.

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

In 2006, the EBIT margin was 10.2% compared to 14.7% in 2005. This decline was due to the full consolidation of Sogecable which contributed an EBIT margin of 1.6% in 2006. Excluding Sogecable, the EBIT margin would have been 16.4%, an improvement compared to 14.7% in 2005.

The increase in profit from operations was due to:

- The contribution of the **Radio in Spain**, which increased its EBIT by 71.0% (EUR 32.6 million). The rise in advertising revenues and the full consolidation of Antena 3 Radio's figures in 2006 explain this performance.
- The effect of the **full consolidation of Sogecable** since 1 April 2006. Sogecable contributed EUR 19.9 million to the Prisa Group's profit from operations.
- The performance of the **Education-Publishing business**, which increased its operating profit by EUR 12.13 million (up 25.3%).
- The operating profit of **Specialized and Regional Press**, which grew by 48.5% to EUR 17.2 million, as compared with EUR 11.6 million in 2005. Mention should be made of the performance of AS, which increased its operating profit by 23.2%, due mainly to the rise in advertising revenue and the gain in market share.
- The increase in the operating profit of **Digital (Prisacom)** by EUR 4.0 million.
- The **Audiovisual Production** business (Plural) reached break-even in 2006 and contributed EUR 1.5 million to the Group's profit from operations.

NET PROFIT

The Group reported a **net financial loss** of EUR 110.8 million compared to a financial loss of EUR 22.8 million in 2005. This difference arose from the consolidation of Sogecable's financial result from April to December and to the increase in the Group's finance costs as a result of the higher indebtedness to cover the takeover bid for 20% of Sogecable.

The loss of companies accounted for by the equity method and loss from other investments totalled EUR 8.7 million compared to a EUR 29.6 million loss in 2005. The decline was mainly due to the changes in the scope of consolidation (Sogecable, Antena 3 Radio and Media Capital) and to lower losses from the stake in Iberbanda (the broadband communications services company), for which extraordinary provisions were made in 2005.

The loss from discontinued operations decreased by EUR 9.3 million with respect to 2005, since the 2005 figure included the losses incurred in the music business and in certain local television channels which were discontinued in 2006.

The **income tax** revenue arose mainly from foreign investment tax credits, most of them relating to Prisa's investments in Portugal.

Net profit amounted to EUR 228.9 million, as compared with EUR 152.8 million in 2005 (up 49.8%).

BALANCE SHEET

ASSETS	Millions of Euros	
	31/12/2006	31/12/2005
NON-CURRENT ASSETS	4,167.96	1,518.51
Property, plant and equipment	454.26	324.29
Investment property	12.33	12.31
Goodwill	1,562.70	225.73
Intangible assets	400.72	91.72
Non-current financial assets	86.84	78.70
Companies accounted for using the equity method	280.75	644.84
Deferred tax assets	1,359.08	140.92
Other non-current assets	11.28	0.00
CURRENT ASSETS	1,756.10	626.20
Inventories	270.32	104.27
Trade and other receivables	946.08	493.55
Current financial assets	5.16	5.13
Cash and cash equivalents	534.54	23.24
ASSETS HELD FOR SALE⁷	93.97	2.45
TOTAL ASSETS	6,018.03	2,147.15

EQUITY AND LIABILITIES	Millions of Euros	
	31/12/2006	31/12/2005
EQUITY	1,157.23	865.25
Share capital	21.88	21.88
Reserves	744.98	671.66
Profit attributable to the Parent	228.91	152.81
Minority interests	161.46	18.90
NON-CURRENT LIABILITIES	2,796.69	545.44
Bank borrowings	2,252.00	311.09
Exchangeable bonds in issue	154.67	151.09
Deferred tax liabilities	109.72	43.00
Provisions	50.91	22.19
Other non-current liabilities	229.39	18.07
CURRENT LIABILITIES	1,996.94	736.46
Bank borrowings	843.41	320.17
Trade payables	970.31	211.43
Other current liabilities	157.52	198.01
Accrued expenses and deferred income	25.71	6.85
LIABILITIES HELD FOR SALE⁷	67.17	-
TOTAL EQUITY AND LIABILITIES	6,018.03	2,147.15

⁷ Assets and liabilities held for sale include the assets and liabilities relating to the 40% ownership interest in Dédalo, as a result of the search for new shareholders for the printing business initiated by Prisa in 2006.

In December 2005, EUR 5.3 million were reclassified from “Liabilities Held for Sale” to “Other Non-Current Liabilities”.

INVESTMENTS

Investments in non-current assets amounted to EUR 1,240.43 million in 2006. By business unit, investments were as follows:

JANUARY-DECEMBER 2006 INVESTMENTS	Millions of Euros
PRESS	19.06
El País	17.81
Specialized and regional press	1.05
International press	0.20
RADIO	39.65
Radio in Spain	12.90
International radio	26.69
Music	0.06
EDUCATION- PUBLISHING	39.66
AUDIOVISUAL	99.78
Local TV (Localia)	4.40
TV Production (Plural)/Cinema Production (Tesela)	5.28
Sogecable	90.10
DIGITAL	2.20
OTHER	1,040.08
Printing	12.65
Distribution	7.72
Prisa	1,018.77
Other	0.94
Total	1,240.43

The detail of investments, by type of asset, is as follows:

JANUARY-DECEMBER 2006 INVESTMENTS	Millions of Euros
Property, plant and equipment	92.30
Intangible assets	106.48
Non-current financial assets and other non-recurrent investments	1,041.33
Investment property	0.32
TOTAL INVESTMENTS	1,240.43

The major investments related to:

- 1) Prisa: EUR 999.52 million for the acquisition of the additional 20% stake in Sogecable after completion of the partial takeover bid and EUR 12.42 million in Iberbanda to restore its net worth equilibrium and to facilitate the acquisition of a stake by a new shareholder.
- 2) International Radio: EUR 17.6 million (USD 23 million) for the acquisition from Clear Channel of the programming and commercial exploitation rights of an

AM radio station that broadcasts to an area covering from Northern Baja California (Mexico) to Los Angeles (California).

- 3) Sogecable's investments for the period April-December 2006 amounted to EUR 90.10 million.

NET FINANCIAL POSITION

Net bank debt at 31 December 2006 amounted to EUR 2,555.71 million, as compared with EUR 602.90 million at 31 December 2005.

NET BANK DEBT AT 31/12/06	Millions of Euros
Bank borrowings	3,095.41
Non-current	2,252.00
Current	843.41
Current financial assets, cash and cash equivalents	(539.70)
Net debt	2,555.71

In 2006, the net bank debt increased by EUR 1,952.82 million with respect to 2005 mainly due to the following:

- The full consolidation of Sogecable, which contributed EUR 981.66 million to the Group's net debt.
- The acquisition of a 20% stake in Sogecable. In order to finance this acquisition and to restructure the debt outstanding at 31 December 2005, on 19 May 2006 the Prisa Group signed a syndicated loan for a maximum amount of EUR 1,600 million with a group of 40 banks. The financing, which is divided in two tranches, expires in 2013. The spread for both tranches was 80 basis points per year until 31 December 2006, and will be determined on the basis of the net debt-to-EBITDA ratio thereafter.

This loan did not include the debt restructuring of Sogecable, which has its own syndicated loan.

In December 2006, the Group entered into a 3-month syndicated loan agreement with a group of seven banks for EUR 450 million, with interest tied to Euribor plus a spread of 0.30%. The sole purpose of this loan is to finance the capital increase carried out at Vertix, S.G.P.S., S.A., the Portuguese company holding Prisa's shares in the Media Capital group. This capital increase is aimed at financing the takeover bids for shares of the Media Capital group and to meet the costs and/or expenses directly associated with these transactions.

Prisa's net debt, excluding Sogecable, amounted to EUR 1,574.05 million.

The average interest rate on the Group's financial debt in 2006 was 3.683%.

CASH FLOW STATEMENT

Millions of euros	31/ 12 / 06	31/ 12 / 06 (excluding Sogecable)
EBIT	285.95	266.70
Depreciation and amortisation	219.73	77.07
Change in working capital	118.67	(90.24)
Operating investments	(199.09)	(109.01)
Operating cash flow	425.26	144.53
Financial investments and other non-recurrent investments	(1,041.33)	(1,041.32)
Financial loss	(110.80)	(62.63)
Dividends paid	(30.20)	(30.20)
Taxes	64.36	56.55
Other	(1,260.10)	(38.08)
CHANGE IN NET DEBT	1,952.82	971.16

The cash flow statement at 31 December 2006 reflects the full consolidation of Sogecable since 1 April 2006. The effect of the inclusion of Sogecable in consolidation was to increase the change in the Group's net debt by EUR 981.66 million.

Excluding the effect of Sogecable, the change in the Group's net debt was EUR 971.16 million. In addition to the financial investments discussed in the preceding section, mention should be made of the change in working capital (EUR 90.24 million), which was due mainly to the sales in the publishing business in Brazil and to extraordinary sales of fixed assets in December, which had not yet been collected at year-end.

STRATEGIC ACQUISITIONS AND AGREEMENTS IN 2006

Agreement with Clear Channel

On 26 January, the Prisa Group announced that it had obtained authorisation from the regulatory authorities to acquire the programming and commercial exploitation rights of an AM radio operation that broadcasts to an area covering from Northern Baja California (Mexico) to Los Angeles (California).

Antena 3 Radio

On 29 March, the Prisa Group announced that it had obtained the mandatory authorisations from the competition authorities and those required under the specific legislation governing the radio broadcasting industry to concentrate SER and Antena 3 Radio. The figures of Antena 3 Radio were fully consolidated since 1 January 2006.

Unión Radio

On 14 April, the Prisa Group announced the agreement entered into with the Godó Group to bring together their ownership interests in SER, Antena 3 Radio and Grupo Latino de Radio (GLR) in order to create the largest radio company in the Spanish-speaking market. The new company (Unión Radio) is 80% owned by the Prisa Group and 20% owned by the Godó Group.

Prisa Internacional

On 20 April, the Prisa Group announced the acquisition of 16.8% and 7.2% stakes in Medios Internacional from Courical Holding, B.V. and Berggruen Holdings Limited, respectively, following its acquisition of a 33.0% holding in Media Capital in November 2005.

Media Capital

On 26 October 2006, Prisa notified that it had submitted to the Portuguese CMVM the preliminary announcement of a voluntary takeover bid for 100% of the Media Capital SGPS, S.A. Group. The price of the offer was EUR 7.40 per share. 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. As a result of this transaction, Prisa's indirect ownership interest in Media Capital, S.G.P.S., S.A. stood at 73.70%.

In view of the final results of this voluntary takeover bid, on 6 February 2007 Prisa notified that it had launched a mandatory takeover bid for the remaining 26.30% of Grupo Media Capital SGPS, S.A.

Iberoamerican Radio Chile

On 22 December 2006, Prisa announced that it had acquired the shares of Iberoamerican Radio Chile, S.A. (IARC) from Claxson Chile, S.A, through Grupo Latino de Radiodifusion Chile, a subsidiary of Union Radio. The price of the transaction was USD 75,000,000, less the financial liability arising from IARC's syndicated debt at the effective date of the transaction, after it has been approved by the Chilean Competition Authorities.

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.

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

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

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

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

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

4. MAIN FINANCIAL RISKS AND USE OF FINANCIAL INSTRUMENTS

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

- Results from activities carried on in non-euro area countries which are tied to the fluctuations in their respective currencies: around 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.

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

As discussed in Note 13 to the consolidated financial statements, Prisa and Sogecable have arranged syndicated loans amounting to EUR 1,600,000 thousand and EUR 1,200,000 thousand, respectively, at floating interest rates. The Group takes out interest rate risk hedges providing for interest rate caps.

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***:	17%

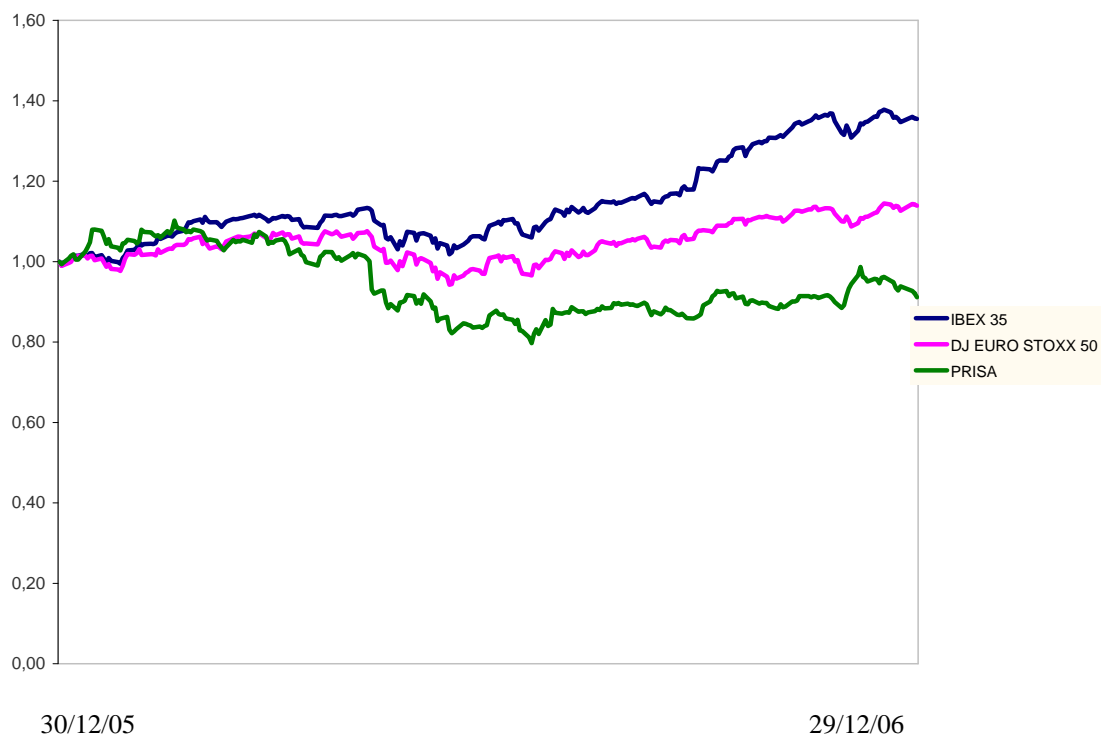
* Treasury shares guaranteeing the exchangeable bond issue launched in 2003.

** 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 2006

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

7. 2007 REMUNERATION POLICY

At their February meetings, the Board of Directors and the Corporate Governance, Appointments and Remuneration Committee of Promotora de Informaciones, S.A. (Prisa) approved the 2007 remuneration policy for Board members and the management team.

This policy addresses the following matters:

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

- EUR 1,322,200, payable upon approval of the financial statements for 2006.
- Fees for attending Board and Committee meetings, estimated at EUR 876,000 for 2007.

- The Board members will also be entitled to the private health insurance taken out by the Company to cover any risks affecting the directors in this connection.

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

7.2. Remuneration of the management team for 2007

The management team consists of the executive directors⁸ and the senior executives⁹. The remuneration of the executive directors was approved by the Board of Directors at the proposal of the Corporate Governance, Appointments and Remuneration Committee and that of the senior executives was approved by this Committee.

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

- **Fixed salary:** The fixed salary of the management team in 2007 will amount to EUR 6,628 thousand, the detail being as follows (in euros):

	2007 Fixed Salary
Executive directors	3,074,430
Senior executives	3,553,569
	6,627,999

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

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

⁸ The executive directors of Promotora de Informaciones, S.A. are Mr. Jesús de Polanco Gutierrez, Mr. Ignacio Polanco Moreno, Mr. Juan Luis Cebrián Echarri, Mr. Francisco Javier Díez de Polanco, Mr. Emiliano Martínez Rodríguez, Ms. Isabel Polanco Moreno and Mr. Manuel Polanco Moreno

⁹ Senior executives include the members of the Executive Committee and of the Management Committee who are not executive directors of Promotora de Informaciones, S.A., namely Mr. Ignacio Santillana del Barrio, Mr. Miguel Satrustegui Gil-Delgado, Mr. Jaime de Polanco Soutullo, Mr. Augusto Delkader Teig, Mr. Jesús Ceberio Galardi, Mr. Pedro García Guillén, Mr. José Luis Sainz Díaz, Ms. Matilde Casado Moreno, Mr. José Carlos Herreros Díaz-Berrio and Mr. Manuel Mirat Santiago.

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

The bonus for 2007 will be paid after year-end once the Group's consolidated financial statements have been authorised for issue.

The reference bonus of the management team for 2007 is as follows (in euros):

	2007 Bonus
Executive directors	2,027,600
Senior executives	1,682,820
	3,710,420

- **Share plan:** Under the resolution adopted by Prisa's shareholders at the Annual General Meeting held on 23 March 2006, the members of the management team (except for those included in the category referred to in Article 41 of Personal Income Tax Regulations, approved by Royal Decree 1775/2004, of 30 July) belong to the professional categories which, in accordance with the Remuneration Policy, qualify, free of charge, for a number of Prisa shares for a maximum value of EUR 12,000 per year, taking as a reference the average closing price of the shares on the continuous market during the seven trading days prior to the date of delivery.
- **In-kind remuneration plan:** The Group has taken out an insurance policy with an insurance company to cover the risks of death or serious accident with a lump sum equal to one year's total remuneration of the beneficiary. The Group also provides private health insurance, under the expense refund system, for members of the management team and their families.
- **Share option plan:** at the Annual General Meeting on 15 April 2004, the shareholders approved a Remuneration Plan consisting of the delivery of share options to the executive directors and executives of the Company. The exercise price of each option under the Plan is EUR 13.40 and the exercise period is from 31 July 2007 to 31 January 2008.

At 31 December 2006, there were participants 266 in the plan, holding a total of 1,543,000 options, of which those allocated to the management team were as follows:

	No. of Options
Executive directors	185,000
Senior executives	230,000
	415,000

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

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

- **Long-Term Incentive (LTI):** The long-term incentive is related to objectives tied to the achievement of the Group's Strategic Plan. This incentive is aimed at the 35 executives who are more closely linked to the achievement of the Plan objectives. Specifically, the incentive is based on consolidated revenue, EBIT and EVA objectives for 2005-2007.

The LTI will be payable, if appropriate, once the consolidated financial statements for 2007 have been authorised for issue.

For 100% achievement of the Strategic Plan objectives for the aforementioned period, the LTI amounts to EUR 10,375 thousand, and double this figure for 135% objective achievement. Of the overall LTI amount, the portion relating to the members of the management team is as follows (in euros):

	LTI
Executive directors	2,750,000
Senior executives	4,000,000
	6,750,000

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

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

8. 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 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 endeavor 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.