

Antena 3 de Televisión, S.A.

Auditors' Report

**Financial Statements for the Year Ended
December 31, 2004**

Translation of a report originally issued in Spanish based on our work performed in accordance with generally accepted auditing standards in Spain. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Shareholders of
Antena 3 de Televisión, S.A.:

We have audited the financial statements of ANTENA 3 DE TELEVISIÓN, S.A. as of December 31, 2004, comprising the balance sheet as of December 31, 2004, and the related statement of operations and notes to financial statements for the year then ended. The preparation of these financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements taken as a whole based on our audit work performed in accordance with generally accepted auditing standards, which require examination, by means of selective tests, of the documentation supporting the financial statements and evaluation of their presentation, of the accounting principles applied and of the estimates made.

As required by Spanish corporate law, for comparison purposes the directors present, in addition to the 2004 figures for each item in the balance sheet and statements of operations and of changes in financial position, the figures for 2003. Our opinion refers only to the 2004 financial statements. Our auditors' report dated April 2, 2004, on the 2003 financial statements contained a qualified opinion.

As indicated in Notes 4-c and 7 to the financial statements referred to above, the Company has controlling ownership interests in various companies and has prepared separate consolidated financial statements as of December 31, 2004, on which we issued our auditors' report dated January 28, 2004, in which we expressed an unqualified opinion. The effect of consolidation, which was performed on the basis of the accounting records of the companies composing the Group, with respect to the individual financial statements referred to above, is shown in Note 7 to the financial statements referred to above.

In our opinion, the financial statements referred to above present, in all material respects, a true and fair view of the net worth and financial position of ANTENA 3 DE TELEVISIÓN, S.A. as of December 31, 2004, and of the results of its operations and of the funds obtained and applied by it in the year then ended, and contain the required information, sufficient for their proper interpretation and comprehension, in conformity with generally accepted accounting principles and standards applied on a basis consistent with that of the preceding year.

The accompanying management report for 2004 contains the explanations which the directors consider appropriate about the Company's situation, the evolution of its business and other matters, but is not an integral part of the financial statements. We have checked that the accounting information in the management report is consistent with that contained in the financial statements for 2004. Our work as auditors was confined to checking the management report with the aforementioned scope, and did not include a review of any information other than that drawn from the Company's accounting records.

DELOITTE
Registered in ROAC under No. S0692



Manuel Terme

January 28, 2005

Antena 3 de Televisión, S.A.

**Financial Statements for the Year Ended
December 31, 2004**

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

ANTENA 3 DE TELEVISIÓN, S.A.

BALANCE SHEETS AS OF DECEMBER 31, 2004 AND 2003

(Thousands of Euros)

ASSETS	12/31/04	12/31/03	SHAREHOLDERS' EQUITY AND LIABILITIES	12/31/04	12/31/03
FIXED AND OTHER NONCURRENT ASSETS:			SHAREHOLDERS' EQUITY (Note 11):		
Intangible assets (Note 5)	4.980	7.612	Capital stock	166.668	166.668
Tangible fixed assets (Note 6)	69.632	83.753	Legal reserve	33.334	33.334
Land and structures	57.572	57.267	Reserve for treasury stock	2.933	2.933
Plant	77.290	79.502	Other reserves	37.382	245.733
Other tangible fixed assets	69.839	68.847	Retained earnings	9.366	9.366
Allowances and accumulated depreciation	(135.069)	(121.863)	Income (loss) for the year	102.859	(208.351)
Long-term investments (Note 7)	340.256	260.949	Total shareholders' equity	352.542	249.683
Treasury stock (Note 11)	2.933	2.933			
Tax receivables (Note 16)	13.664	34.563	PROVISIONS FOR LONG-TERM CONTINGENCIES AND EXPENSES (Note 12)	191.434	186.746
Total fixed and other noncurrent assets	431.465	389.810			
			LONG-TERM DEBT:		
DEFERRED CHARGES	845	1.328	Payable to credit institutions (Note 13)	62.250	93.350
			Other long-term payables (Note 20)	10.209	1.503
CURRENT ASSETS:			Capital payments payable (Note 7)	120	120
Inventories (Note 8)	242.204	204.226	Total long-term debt	72.579	94.973
Program rights	209.767	154.621			
Consumables and other inventories	5.116	4.990	CURRENT LIABILITIES:		
Advances to suppliers	27.321	44.615	Payable to credit institutions (Note 13)	31.670	31.806
Accounts receivable	233.768	197.083	Trade accounts payable (Note 14)	210.881	140.578
Trade receivables for sales and services (Note 9)	172.931	137.619	Payable to Group and associated companies (Note 10)	130.516	19.917
Receivable from Group and associated companies (Note 10)	26.730	54.250	Customer advances	4.035	2.383
Tax receivables (Note 16)	42.111	13.971	Taxes payable (Note 16)	7.127	7.184
Sundry accounts receivable	8.322	5.294	Compensation payable	7.645	6.802
Allowance for bad debts	(16.326)	(14.051)	Other nontrade payables	3	64
Short-term investments (Note 4-f)	169.250	22.355	Other provisions (Note 15)	75.001	86.464
Cash	5.317	11.159	Accrual accounts	800	285
Accrual accounts	1.384	923	Total current liabilities	467.678	295.482
Total current assets	651.923	435.746			
TOTAL ASSETS	1.084.233	826.884	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1.084.233	826.884

The accompanying Notes 1 to 25 are an integral part of the balance sheet as of December 31, 2004.

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

ANTENA 3 DE TELEVISIÓN, S.A.

STATEMENTS OF OPERATIONS FOR 2004 AND 2003

(Thousands of Euros)

DEBIT	2004	2003	CREDIT	2004	2003
EXPENSES:			REVENUES:		
Program amortization and other supplies (Note 20-b)	268.930	225.153	Net revenues (Note 20-a)		
Personnel expenses (Note 20-c)	103.369	103.509	Advertising revenues	700.729	557.385
Depreciation and amortization expense	19.833	20.617	Sales discounts	(41.207)	(45.851)
Variation in operating allowances	2.275	(1.222)		659.522	511.534
Rent and royalties (Note 20-d)	23.906	24.138			
Other current operating expenses (Note 20-e)	88.231	73.838	Other revenues	37.910	27.389
Taxes other than income tax	650	682		697.432	538.923
	507.194	446.715			
Operating income	190.238	92.208			
			Interest and similar revenues	2.763	1.786
Financial and similar expenses	11.769	6.456	Exchange gains	1.922	507
	11.769	6.456		4.685	2.293
			Financial loss	7.084	4.163
Income from ordinary activities	183.154	88.045			
Losses on tangible fixed assets, intangible assets and control portfolio	2.777	774	Gains on disposals of intangible assets, tangible fixed assets and control portfolio	178	17
Variation in control portfolio allowances (Note 7)	3.165	14.384	Extraordinary revenues	1.453	20.039
Extraordinary expenses (Notes 4-j and 20-g)	31.622	328.956		1.631	20.056
	37.564	344.114	Extraordinary loss	35.933	324.058
Income before taxes	147.221	-	Loss before taxes	-	236.013
Corporate income tax (Note 16)	44.362	(27.662)			
Income for the year	102.859	-	Loss for the year	-	208.351

The accompanying Notes 1 to 25 are an integral part of the statement of operations for the year ended December 31, 2004.

Antena 3 de Televisión, S.A.

Notes to 2004 financial statements

1. Company description

Antena 3 de Televisión, S.A. ("the Company") was incorporated on June 7, 1988, and its then sole corporate purpose was the indirect management of a television service.

For this purpose, it submitted a bid in response to the call for tenders made under Article 8 of Private Television Law 10/1988 and, pursuant to a resolution of the Spanish Council of Ministers of August 25, 1989, was awarded a concession for the indirect management of the television service, for a period of ten years, which ended on April 3, 2000.

On May 7, 1996, the Shareholders' Meeting resolved to change and extend the Company's corporate purpose, as permitted by Satellite Telecommunications Law 37/1995.

On March 10, 2000, the Council of Ministers adopted a resolution renewing the concession for the indirect management of the television service for a period of ten years from April 3, 2000. The terms of this renewal were the same as for the former concession, with the added obligation of commencing digital broadcasting on April 3, 2002. The Company made all the necessary investments to enable it to begin broadcasting on that date the Antena 3 de Televisión, S.A. signal pursuant to Royal Decree 2169/1998 which approved the Spanish Technical Plan for Digital Terrestrial Television.

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

The Shareholders' Meeting of Antena 3 de Televisión, S.A. and the Company's Board of Directors Meeting, on April 28, 2003 and July 29, 2003, respectively, resolved to request the admission to listing of all the shares of Antena 3 de Televisión, S.A. on the Madrid, Barcelona, Bilbao and Valencia stock exchanges, and their inclusion in the Spanish Unified Computerized Trading System (Continuous Market).

On October 29, 2003, the Company's shares commenced trading on these stock markets.

2. Basis of presentation

a) True and fair view

The financial statements for 2004, which were prepared from the Company's accounting records, are presented in accordance with the Spanish National Chart of Accounts and, accordingly, give a true and fair view of the Company's net worth, financial position and results of operations. These financial statements, which were prepared by the Company's directors, will be submitted for approval by the Shareholders' Meeting, and it is considered that they will be approved without any changes.

b) Comparative information

In 2004 certain captions were presented on the basis of different classification criteria than those used in the financial statements for the year ended December 31, 2003, and, accordingly, for comparison purposes the same captions were modified for the accompanying figures relating to 2003.

The amounts included in the approved financial statements for 2003 and recorded under the captions affected by this change in presentation are as follows:

Presentation in the 2003 financial statements	Thousands of Euros
Accumulated depreciation	(114,044)
Provision for long-term contingencies and expenses	-
Other provisions	281,029

3. Proposed distribution of income

The Company's directors will propose to the Shareholders' Meeting that the income for 2004 be distributed as follows :

	Thousands of Euros
Dividends (maximum amount to be distributed, equal to €1.52/share for all the shares representing the Company's capital stock, i.e. 55,556,000 shares).	84,445
To voluntary reserves (minimum amount)	18,414
Total	102,859

4. Valuation standards

The main valuation methods applied by the Company in preparing its financial statements for 2004, in accordance with the Spanish National Chart of Accounts, were as follows:

a) Intangible assets

This caption in the balance sheet includes basically the costs incurred in the acquisition or production of computer software when it will foreseeably be used for several years. Most of these assets are amortized on a straight-line basis over five years. In the event of software obsolescence, the related allowances for decline in value are recorded or the asset is definitively retired.

b) Tangible fixed assets

Tangible fixed assets are carried at cost.

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

Upkeep and maintenance expenses are expensed currently.

The Company depreciates its tangible fixed assets by the straight-line method at annual rates based on the following years of estimated useful life:

	Years of Estimated Useful Life
Structures	33
Plant	5, 8 and 12.5
Computer hardware	5 and 10
Other fixtures	5, 10 and 12.5
Other tangible fixed assets	6 and 10

c) Long-term investments

Long-term investments consist basically of unlisted securities, which are valued at the lower of cost or underlying book value of the holdings, adjusted by the amount of the unrealized gains disclosed at the time of acquisition and still existing at year-end, net, where appropriate, of the required allowances for decline in value if cost is higher than fair value at the end of each year or period.

The Company owns majority holdings in the capital stock of certain companies and owns holdings of 20% or more of the capital stock of other companies (see Note 7). The financial statements as of December 31, 2004, do not reflect the increases in the value of the Company's holdings in these companies which would result from fully consolidating the majority holdings and from accounting for the holdings in associated companies by the equity method. The effect of using these methods would be an increase in shareholders' equity as of December 31, 2004, of €2,145 thousand, an increase in income for the year of €2,412 thousand and a decrease in assets of €84,397 thousand, which are reflected in the Group's consolidated financial statements as of that date.

d) Treasury stock

The shares of treasury stock acquired by the Company without a capital reduction resolution having been adopted by the Shareholders' Meeting are valued at cost, and the related value adjustments required if the market price at year-end is lower than the acquisition cost are recognized in income for the year.

In accordance with Article 79.3 of the revised Corporations Law, the Company has recorded the related restricted reserve (see Note 11).

e) Inventories

Program rights

Rights and programs inventories are valued, based on their nature, as follows :

1. Inventoriable in-house productions (programs produced to be rerun, such as series) are recorded at acquisition and/or production cost, which includes both external costs billed by third parties for program production and for the acquisition of resources, and internal production costs, which are calculated by applying preset internal rates on the basis of the time during which operating resources are used in production. The costs incurred in producing the programs are recorded, based on their nature, under the appropriate captions in the statement of operations and are included under the "Program Rights" caption in the balance sheet with a credit to the "Inclusion in Inventories" account under the "Program Amortization and Other Supplies" caption in the statement of operations.

Amortization of these programs is recorded under the "Program Amortization and Other Supplies" caption in the statement of operations on the basis of the number of showings, in accordance with the rates shown below:

	Amortization Rate
1 st showing	90%
2 nd showing	10%

The maximum period for amortization of the series is three years, after which the unamortized amount is written off.

Given their special nature, the series which are broadcast daily are amortized in full when the first showing of each episode is broadcast.

2. Non-inventoriable in-house productions (programs produced to be shown only once) are valued by the same methods and procedures as those used to value inventoriable in-house productions. Programs produced and not shown are recorded at year-end under the "Program Rights – In-House Production and Production in Process" caption in the balance sheet. The cost of these programs is recorded as an expense under the "Program Amortization and Other Supplies" caption in the statement of operations at the time of the first showing.
3. Rights on outside productions (films, series and other similar productions) are recorded at acquisition cost. These rights are deemed to have been acquired when the term of the right commences for the Company. Payments to outside production distributors made prior to commencement of the term of the right are recorded under the "Advances to Suppliers" caption in the balance sheet. The amortization of the rights is recorded under the "Program Amortization and Other Supplies" caption in the statement of operations on the basis of the number of showings, in accordance with the rates shown below, which are established on the basis of the number of showings contracted:

FILMS	Number of Showings Contracted		
	1	2	3 or More
1 st showing	100%	50%	50%
2 nd showing	-	50%	30%
3 rd showing	-	-	20%

SERIES	Number of Showings Contracted	
	1	2 or More
1 st showing	100%	50%
2 nd showing	-	50%

4. Live broadcasting rights are recorded at cost. The cost of these rights is recorded as an expense under the "Program Amortization and Other Supplies" caption in the statement of operations at the time of broadcast of the event on which the rights were acquired.

Consumables and other

Dubbings, sound tracks, titles and signature tunes of outside productions are recorded at acquisition or production cost. The amortization of rights is recorded under the "Program Amortization and Other Supplies" caption in the statement of operations at the time of the showing, by the same method as that used for outside productions.

Other inventories are recorded at acquisition cost and are allocated to income by the effective or actual amortization method over the production period.

Allowances

The Company records allowances to reduce the unamortized value of in-house productions and of the rights on outside productions which it considers will not be shown. When these rights expire, the allowances recorded are used to write off the cost of the rights.

Classification of programs

Program inventories are classified as current assets, in accordance with the Spanish National Chart of Accounts and standard practice in the industry in which the Company operates. However, programs are amortized over several years (see Note 8).

f) Short-term investments

This caption includes short-term investments (mainly in fixed-income securities). The Company records these short-term investments for the amount effectively paid and for the unmatured accrued interest at year-end earned on these acquisitions. As of December 31, 2004, the Company had short-term deposits amounting to €167,104 thousand.

This caption also includes Antena 3 de Televisión, S.A.'s holdings in companies the investments in which it is intended to realize or which it is planned to liquidate at short term. As of December 31, 2004, these holdings were recorded at their estimated net asset value taking into account the risk of Antena 3, Televisión S.A.'s investment in these companies. The data on the net worth position of these investees were obtained from these companies' respective unaudited financial statements as of December 31, 2004. The companies in this situation as of December 31, 2004, were: Antena 3 Temática, S.A., Sole-Shareholder Company, Antena 3 Directo, S.A., Sole-Shareholder Company, Guadiana Producciones, S.A., Sole-Shareholder Company, and Antena 3 Perú, S.A.

g) Exchange differences

Assets and liabilities and receivables and payables denominated in foreign currencies are translated to euros at the exchange rates ruling at the transaction date, and the receivables and payables are adjusted at year-end to the exchange rates then prevailing, unless exchange hedges or other similar instruments have been arranged, in which case they are valued at the hedged exchange rate.

The positive net exchange differences arising on adjustment of foreign currency accounts payable and receivable to year-end exchange rates are recorded under the "Deferred Revenues" caption on the liability side of the balance sheet, unless exchange losses have been charged to income in prior years, in which case the positive differences are credited to income for the year up to the limit of the negative net differences charged to income in prior years. Negative differences are charged to income. Positive differences deferred in prior years are credited to income in the year in which the related accounts receivable and payable fall due or are repaid early, or as negative exchange differences for the same or a higher amount are recognized.

h) Corporate income tax

The expense for corporate income tax is recorded on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences. Tax relief and tax credits, excluding tax withholdings and prepayments, are recorded as a reduction of the tax charge for the year in which they arise.

In 2001 the Company started to be taxed on a consolidated basis with other Group companies (see Note 16). In this connection, in calculating its corporate income tax, the Company took into consideration the Spanish Accounting and Audit Institute (ICAC) Resolution of October 9, 1997, establishing the methods for the recording of corporate income tax at companies that file consolidated tax returns.

i) Recognition of revenues and expenses

General method

Revenues and expenses are recognized on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

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

Advertising revenues

At present, the Company basically obtains revenues from the sale of advertising space; these revenues are recognized in the statement of operations when the related advertising spot is broadcast.

Sale of in-house production and other audiovisual rights

The Company records these sales as period revenues when the broadcasting rights for the in-house production or the audiovisual rights are sold. The advances received on sales of these rights are not taken to income until the rights are transferred.

j) Provisions for contingencies and expenses

The Company records under the "Provision for Long-Term Contingencies and Expenses" and "Other Provisions" captions on the liability side of the accompanying balance sheet the estimated amount required for probable or certain third-party liability arising from collateral and other similar guarantees provided by the Company, litigation, indemnity payments and outstanding obligations of undetermined amount, and to cover projected losses. These allowances are recorded when the liability, obligation or decision giving rise to the indemnity, payment or loss arises.

These captions also include the provisions required to cover the negative net worth of Group companies.

€22,954 thousand were charged in this connection to the "Extraordinary Expenses" caption in the accompanying statement of operations for 2004 (see Note 20-g).

k) Severance costs

Under current labor legislation, the Company is required to pay severance to employees terminated under certain conditions. The Company's directors do not anticipate the generation of any liabilities additional to those already recorded in this connection.

l) Financial instruments

The Company performs transactions with financial instruments to hedge the exchange rate risk on the purchases of broadcasting rights in the year (see Note 19).

Foreign currency liabilities are adjusted to the year-end exchange rates when no hedge has been arranged.

m) Costs deriving from the three-year variable compensation plan

The Company charges the amount incurred in the year in connection with implementation of the three-year variable compensation plan to the "Personnel Expenses" or "Other Current Operating Expenses" captions in the accompanying statement of operations, based on the labor relationship or the services contract of the beneficiaries, with a credit to the "Other Long-Term Payables" caption in the accompanying balance sheet (see Note 20-c).

The amount incurred is calculated on the basis of the terms of the plan and the Company's estimates. The related expense is recorded for the amount of the compensation to be received by the beneficiaries, i.e. the sum of the amount that will foreseeably be paid in cash plus the estimated market value of the shares to be delivered.

5. Intangible assets

The transactions recorded in 2004 in intangible asset accounts and the related accumulated amortization are summarized as follows:

	Thousands of Euros			
	Balance at 12/31/03	Additions or Provisions	Retirements	Balance at 12/31/04
Cost:				
Intellectual property	233	72	-	305
Computer software	18,692	749	(36)	19,405
	18,925	821	(36)	19,710
Accumulated amortization:				
Intellectual property	(152)	(60)	-	(212)
Computer software	(11,161)	(3,386)	29	(14,518)
	(11,313)	(3,446)	29	(14,730)
Total	7,612			4,980

As of December 31, 2004, the cost and accumulated amortization of the fully amortized intangible assets currently being used by the Company amounted to €2,176 thousand.

6. Tangible fixed assets

The transactions recorded in 2004 in tangible fixed asset accounts and the related accumulated depreciation are summarized as follows:

	Thousands of Euros				
	Balance at 12/31/03	Additions or Provisions	Retirements or Reductions	Transfers	Balance at 12/31/04
Cost:					
Land and structures	57,267	822	(540)	23	57,572
Plant	79,502	1,042	(3,450)	196	77,290
Computer hardware	22,149	1,479	(506)	29	23,151
Other fixtures and tangible fixed assets	46,472	1,208	(1,181)	(22)	46,477
Construction in progress	226	211	-	(226)	211
	205,616	4,762	(5,677)	-	204,701
Accumulated depreciation:					
Structures	(13,983)	(1,738)	247	(12)	(15,486)
Plant	(53,756)	(7,336)	2,833	1	(58,258)
Computer hardware	(15,349)	(3,757)	395	(2)	(18,713)
Other fixtures and tangible fixed assets	(30,956)	(3,556)	921	13	(33,578)

	(114,044)	(16,387)	4,396	-	(126,035)
Allowances:	(7,819)	(1,247)	32	-	(9,034)
Total	83,753				69,632

As of December 31, 2004, the cost and accumulated depreciation of the fully depreciated assets currently being used by the Company amounted to €47,946 thousand.

The Company takes out insurance policies to sufficiently cover the possible risks to which its tangible fixed assets are subject.

7. Long-term investments

The transactions recorded in 2004 in the “Long-Term Investments” accounts and the related allowances are summarized as follows:

	Thousands of Euros				Balance at 12/31/04
	Balance at 12/31/03	Additions or Provisions	Retirements or Reductions	Transfers	
Investments in Group companies-					
Antena 3 Castilla y León, S.A.	1,260	-	(1,260)	-	-
Antena 3 Directo, S.A.U.	18,138	-	-	(18,138)	-
Antena 3 Editorial, S.A.U.	60	-	-	-	60
Antena 3 Perú, S.A.	3,128	-	-	(3,128)	-
Antena 3 Producciones, S.A. (Peru)	6,343	-	(6,343)	-	-
Antena 3 Multimedia, S.L.U.	-	3	-	-	3
Atres Advertising, S.L.U.	-	3	-	-	3
Compunet Servicios Telemáticos, S.L.U.	2,415	-	-	-	2,415
Ensueño Films, S.L.U.	1,804	-	-	-	1,804
Guadiana Producciones, S.A.U.	66	-	-	(66)	-
Movierecord Cine, S.A.U.	18,006	-	-	-	18,006
Nova Televisió, S.A.	460	-	(460)	-	-
Publicidad 3, S.A.U.	505	-	-	-	505
Total investments in Group companies	52,185	6	(8,063)	(21,332)	22,796
Investments in associated companies-					
Canal Factoría de Ficción, S.A.	240	-	-	-	240
Total investments in associated companies	240	-	-	-	240
Other investments-					
Canal Satélite Digital, S.L.	11,145	-	-	-	11,145
Media Park, S.A.	1,142	-	-	-	1,142
T.V.I. Televisão Independente, S.A.	2,016	-	-	-	2,016
Total other investments	14,303	-	-	-	14,303
Long-term guarantees given	148	-	(8)	-	140
Long-term loans to Group companies	242,858	99,772	-	(7,000)	335,630
Other long-term loans	1,553	264	(1,233)	-	584
Investment valuation allowance	(50,338)	(3,165)	1,649	18,417	(33,437)
Total	260,949				340,256

The period provision to the long-term investment valuation allowance amounting to €3,165 thousand is recorded under the “Variation in Control Portfolio Allowances” caption in the accompanying statement of operations.

The main transactions performed in the year in relation to the holdings in Group companies were as follows:

- On March 9, 2004, Antena 3 de Televisión, S.A. sold its 60% holding in Antena 3 Castilla y León, S.A. to that company’s minority shareholders.
- On September 16, 2004, the Company sold its 51% ownership interest in Nova Televisió, S.A. to that company’s minority shareholders.
- On September 21, 2004, the Company sold all the shares of its wholly-owned investee Antena 3 Producciones, S.A.
- On November 24 and December 15, 2004, Atres Advertising, S.L., Sole-Shareholder Company, and Antena 3 Multimedia, S.L., Sole-Shareholder Company, respectively, were formed, in order to manage all manner of commercial and advertising transactions, using any communication medium, and to carry on such other lines of business as might complement the television line of business.
- The transfers from the “Investments in Group Companies” caption relate to the decision adopted by the Company to realize or liquidate at short term its investments in Antena 3 Directo, S.A., Sole-Shareholder Company, Antena 3 Perú, S.A. and Guadiana Producciones, S.A., Sole-Shareholder Company. The investments in these companies were reclassified to the “Short-Term Investments” caption in the accompanying balance sheet (see Note 4-f).

The “Long-Term Loans to Group Companies” caption includes the amount of the participating loans granted to the subsidiaries (see Note 10). The main transactions recorded under this caption in 2004 were as follows:

- On May 12, 2004, the Company granted a new participating loan to Publicidad 3, S.A., Sole-Shareholder Company, for a maximum amount of €101,000 thousand and maturing on May 12, 2014, in order to implement the resolution adopted by the Shareholders’ Meeting to grant its subsidiary Uniprex, S.A., Sole-Shareholder Company, a participating loan of €96,130 thousand in order to restore its net worth equilibrium.
- Also, in 2004 the Company granted a participating loan to Compunet Servicios Telemáticos, S.L., Sole-Shareholder Company, maturing on December 31, 2014, for a maximum amount of €1,000 thousand.
- In 2003 the Company granted a participating loan to its subsidiary Antena 3 Directo, S.A., Sole-Shareholder Company, maturing on November 30, 2012, for a maximum amount of €7,000 thousand. This amount was reclassified to the “Short-Term Investments” caption in the accompanying balance sheet. Also, in 2004 the Company granted this subsidiary a new €3,000 thousand loan of similar characteristics as a result of the resolution to liquidate the investment at short term. This amount is also recorded under the “Short-Term Investments” caption (see Note 10).

At the end of each year or period the directors assess the business plans of their investees, revising them if necessary and estimating the value of the holdings and the recoverability of the investments made.

The Group companies and information thereon are as follows:

Company	Location	Line of Business	% of Ownership	Thousands of Euros			
				Capital	Reserves	Shareholders’ Contributions	Income (Loss) for the Year
Publicidad 3, S.A.U.	Madrid	Radio broadcasting services	100%	60	(186,294)	468	(2,856)
Antena 3 Editorial, S.A.U.	Madrid	Management of rights	100%	60	1,349	-	1,342
Antena 3 Multimedia, S.L.U.	Madrid	TV-based commercial management	100%	3	-	-	-
Atres Advertising, S.L.U.	Madrid	Management of advertising	100%	3	-	-	-
Movierecord Cine, S.A.U.	Madrid	Advertising in cinemas	100%	801	779	-	(3,493)
Ensueño Films, S.L.U.	Madrid	Audiovisual productions	100%	1,804	(2,126)	-	358
Compunet Servicios Telemáticos, S.L.U.	Madrid	Internet	100%	6	(925)	-	20

The information on Publicidad 3, S.A., Sole-Shareholder Company, and Movierecord Cine, S.A., Sole-Shareholder Company, was obtained from the audited financial statements as of December 31, 2004.

The associated company and information thereon are as follows:

Company	Location	Line of Business	% of Ownership	Thousands of Euros			
				Capital Stock and Additional Paid-in Capital	Reserves	Income (Loss) for the Year	Capital Payments Payable
Canal Factoría de Ficción, S.A.	Madrid	Production of fiction programs	40%	600	(52)	(a)	120

The other investees of the Company and information thereon are as follows:

Company	Location	Line of Business	% of Ownership	Thousands of Euros		
				Capital Stock and Additional Paid-in Capital	Reserves	Income (Loss) for the Year

T.V.I. Televisão Independente, S.A.	Lisbon	Television	0.001%	65,810	(a)	(a)
Canal Satélite Digital, S.L.	Madrid	Digital television	2.25%	285,885	(a)	(a)
Media Park, S.A.	Barcelona	Theme park	0.94%	45,245	(a)	(a)

(a) Information not available.

None of Antena 3 de Televisión, S.A.'s investees is listed on Spanish or foreign stock exchanges.

8. Inventories

The detail of the balance of this caption in the balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros
Program rights, net-	
Rights on outside productions	220,063
In-house productions and programs in process	29,287
Sports broadcasting rights	3,214
Allowance for inventory obsolescence	(42,797)
	209,767
Consumables and other-	
Dubblings, sound tracks and titles	2,425
Other materials	2,691
	5,116
Advances to suppliers	27,321
Total	242,204

The "Advances to Suppliers" caption in the accompanying balance sheet as of December 31, 2004, includes basically prepayments in connection with commitments to purchase sports broadcasting and outside production rights.

As of December 31, 2004, the Company had commitments, mainly for the purchase of audiovisual property rights, amounting to €202,348 thousand. In addition, the Company has purchase commitments to distributors, the definitive amount and price of which will be determined once the programs are produced and, in certain cases, by establishing the acquisition price on the basis of box-office takings. The best estimate of these commitments amounts to €95,001 thousand.

It is estimated that €147,989 thousand of rights on in-house and outside productions will be amortized in 2005 (see Note 4-e).

9. Trade receivables

The detail of the balance of this caption in the balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros
Trade receivables for sales	168,450
Barter trade receivables	3,639
Trade notes receivable	842
Total	172,931

10. Balances and transactions with Group and associated companies

The detail of the balances with Group and associated companies in the accompanying balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros						
	Long-Term Loans to Group Companies	Balances Receivable at Short Term			Balances Payable at Short Term		
		Operating Receivables	Short-Term Loans	Receivable from Group and Associated Companies	Short-Term Payables	Operating Payables	Payable to Group and Associated Companies
Group companies:							
Antena 3 Directo, S.A.U. (a)	-	2	10,000	10,002	6,405	14	6,419
Antena 3 Editorial, S.A.U.	-	-	328	328	4,634	-	4,634
Antena 3 Temática, S.A.U. (a)	-	-	2,562	2,562	1,597	-	1,597
Compunet Serv. Telemáticos, S.L.U.	1,000	-	79	79	14	40	54
Ensueño Films, S.L.U.	5,500	-	1	1	810	-	810
Guadiana Producciones, S.A.U.	-	9	2	11	374	-	374
Antena de Radiodifusión, S.A.U.	-	-	-	-	127	-	127
Movierecord Cine, S.A.U.	-	13	12,148	12,161	2,739	-	2,739
Publicidad 3, S.A.U.	329,130	-	417	417	3,525	-	3,525
Uniprex, S.A.U.	-	-	-	-	108,453	-	108,453
Other companies	-	-	2	2	439	-	439
Associated and related companies:							
Canal Factoría de Ficción, S.A.	-	130	-	130	-	-	-
Media Park, S.A.	-	11	-	11	-	13	13
Planeta de Agostini, S.A.	-	(17)	-	(17)	-	-	-
Planeta Directo, S.L.	-	703	-	703	-	-	-
Prodigious Audiovisual, S.A.	-	-	-	-	-	81	81
Dea Planeta, S.L.	-	182	-	182	-	348	348
M6 Droits Audiovisuals, S.A.	-	-	-	-	-	33	33
Grundy Producciones, S.A.	-	-	-	-	-	48	48
Planeta Junior, S.L.	-	-	-	-	-	327	327
Metropole Production, S.A.	-	156	-	156	-	-	-
RTL Televisión GmbH	-	2	-	2	-	24	24
Sch Investment, S.A.	-	-	-	-	-	22	22
Clt-Ufa, S.A.	-	-	-	-	-	247	247
Sportfive GmbH	-	-	-	-	-	200	200
Ufa Film & Fernseh GmbH	-	-	-	-	-	1	1
Total	335,630	1,191	25,539	26,730	129,117	1,399	130,516

(a) Participating loans granted to companies the investments in which it is intended to realize or which it is planned to liquidate at short term.

The credit lines granted to the Group companies earn average interest tied to Euribor.

The accounts receivable from and payable to the companies the investments in which it is intended to realize or which it is planned to liquidate at short term were taken into account in order to estimate the net asset value and to consider the total risk associated with Antena 3 Televisión, S.A.'s investments in these companies (see Note 4-f).

The detail of the transactions carried out in 2004 with the Group and associated companies is as follows:

	Thousands of Euros			
	Sales	Financial Revenues	Purchases, Acquisitions of Rights and Other Services	Financial Expenses
Group companies:				
Antena 3 Directo, S.A.U.	55	-	9	3
Antena 3 Editorial, S.A.U.	-	-	-	41
Antena 3 Producciones, S.A.	-	41	-	-
Compunet Servicios Telemáticos, S.L.U.	3	4	456	-
Ensueño Films, S.L.U.	2	1	-	-
Guadiana Producciones, S.A.U.	12	2	-	-
Movierecord Cine, S.A.U.	12	287	39	-
Publicidad 3, S.A.U.	-	-	-	22
Uniprex, S.A.U.	2,507	285	3,893	-
Other companies	-	-	105	-
Associated and related companies:				
Audiovisual Española 2000, S.A.	50	-	50	-
Metropole Production, S.A.	156	-	-	-
Sch Investment, S.A.	-	-	217	-
CLT-UFA, S.A.	-	-	6	-
Dea Multicom, S.A.	-	-	6	-
Planeta Junior, S.L.	-	-	657	-
Prodígius Audiovisual, S.A.	-	-	70	-
Grundy Producciones, S.A.	-	-	2,032	-
DeAplaneta, S.L.	157	-	1,500	-
Planeta 2010, S.L.	-	-	1	-
Canal Factoría de Ficción, S.A.	424	-	-	-
Media Park, S.A.	19	-	235	-
Planeta Directo, S.L.	1,335	-	-	-
RTL Televisión GmbH	5	-	89	-
Sportfive GmbH	-	-	2,726	-
Total	4,737	620	12,091	66

11. Shareholders' equity

The transactions recorded under this caption in the accompanying balance sheet as of December 31, 2004, are summarized as follows:

	Thousands of Euros					
	Capital Stock	Legal Reserve	Reserve for Treasury Stock	Other Reserves	Retained Earnings	Income (Loss) for the Year
Balances at December 31, 2003	166,668	33,334	2,933	245,733	9,366	(208,351)
Allocation of 2003 loss	-	-	-	(208,351)	-	208,351
2004 income	-	-	-	-	-	102,859
Balances at December 31, 2004	166,668	33,334	2,933	37,382	9,366	102,859

Capital stock

The capital stock consists of 55,556,000 fully subscribed and paid shares of €3 par value each, all of which are of the same class and series and carry the same rights.

The shareholder structure as of December 31, 2004, was as follows:

	% of Ownership
KORT Geding, S.L. (Planeta and De Agostini Groups)	33.52
RTL Group Communications S.L.U.	17.27
Macame, S.A. (Banco Santander Central Hispano Group)	9.49
Banco Santander Central Hispano, S.A.	0.51
Other shareholders	39.21
	100.00

Legal reserve

Under the revised Corporations Law, 10% of income for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of capital stock.

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

Other reserves

The "Other Reserves" account includes restricted reserves of €281 thousand relating to the "Reserve for Adjustment of Capital Stock to Euros".

Reserve for treasury stock

Under the revised Corporations Law, a restricted reserve must be recorded equal to the value of the treasury stock held by the Company. Also, the par value of the treasury stock cannot exceed 5% of the Company's capital stock and the shares in question must be fully paid in.

As of December 31, 2004, the total cost of the shares of treasury stock amounted to €2,933 thousand and related to 481,502 shares.

12. Provisions for long-term contingencies and expenses

The balance of this caption in the accompanying balance sheet relates in full to the provision recorded by the Company for the amount of the negative net worth of the subsidiaries of Antena 3 de Televisión, S.A. the investments in which it is intended to maintain at long term.

13. Payable to credit institutions

The breakdown of the balances of these captions on the liability side of the accompanying balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros		
	Limit	Balance Drawn Down at Short Term	Balance Drawn Down at Long Term
Syndicated loan	93,350	31,100	62,250
Syndicated credit line	90,000	-	-
Credit lines	128,000	-	-
Accrued interest payable	-	570	-
Total	311,350	31,670	62,250

On October 28, 2002, Antena 3 de Televisión, S.A. arranged a syndicated loan and a syndicated credit line with various credit institutions, with JP Morgan Bank, S.A. as the agent bank, to enable it to purchase through its subsidiary Publicidad 3, S.A., Sole-Shareholder Company, all the shares of Uniprex, S.A., Sole-Shareholder Company, and Antena de Radiodifusión, S.A., Sole-Shareholder Company, held by Grupo Admira Media, S.A., Sole-Shareholder Company (now Telefónica de Contenidos, S.A., Sole-Shareholder Company). The outstanding balance of the loan amounts to €93,350 thousand, and the maximum amount granted under the credit line is €90,000 thousand, against which the Company had not drawn down any amount as of December 31, 2004. The loan and the credit line are both secured by assets of the Company.

The agreement under which the syndicated loan and syndicated credit line were arranged established certain financial and operating conditions to be met by Antena 3 de Televisión S.A. The Company's directors consider that as of December 31, 2004, there were no contingencies in relation to this obligation.

The interest rate on this credit line is tied to Euribor plus a spread. There was also a fee, which was paid by the Company at the date the credit line was arranged. The Company has recorded the amount of this fee that will be taken to income at more than one year under the "Deferred Charges" caption and the short-term portion of the fee under the "Accrual Accounts" caption on the asset side of the accompanying balance sheet.

The interest rates paid by the Company in 2004 on the loans and credit facilities arranged with credit institutions are mainly tied to Euribor plus a spread ranging from 0.1% to 1%.

14. Trade accounts payable

The detail of the balance of this caption in the balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros
Payable to suppliers	122,115
Payable for unreceived invoices	87,176
Barter payables	1,590
Total	210,881

15. Other provisions

The detail of the balance of the "Other Provisions" caption on the liability side of the accompanying balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros
Other provisions for short-term contingencies and expenses	49,326
Trade discounts payable	25,675
Total	75,001

16. Tax matters

The detail of the balances of the "Tax Receivables" and "Taxes Payable" captions on the asset and liability sides, respectively, of the accompanying balance sheet as of December 31, 2004, is as follows:

	Thousands of Euros
Long term-	
Prepaid taxes	5,149
Rights relating to tax credits and tax relief	8,515
	13,664
Short term-	
Prepaid taxes	18,544
Rights relating to unused tax credits and tax relief	20,354
Corporate income tax refundable	2,704
Other tax receivables	509
	42,111
Total tax receivables	55,775
Short term-	
Tax withholdings payable	2,232
Accrued social security taxes payable	1,366
VAT payable	3,529
Total taxes payable	7,127

Pursuant to Corporate Income Tax Law 43/1995, on December 26, 2000, Antena 3 de Televisión, S.A. notified the Madrid tax authorities of its decision to file consolidated tax returns indefinitely provided that the requirements established in Article 81 of this Law are met and it does not decide to cease to apply the consolidated tax regime (Law 24/2001).

The filing of consolidated tax returns gives rise to reciprocal intercompany balances, due to the offset of the losses incurred by certain companies against the income earned by other Group companies. These balances are recorded in the "Payable to Group Companies" and "Receivable from Group Companies" accounts, as appropriate.

Corporate income tax is calculated on the basis of income per books determined by application of generally accepted accounting principles, which does not necessarily coincide with taxable income.

The reconciliation of the income for 2004 per books to the taxable income for corporate income tax purposes is as follows:

	Thousands of Euros	
	Taxable Income	Tax Charge
Income before taxes for 2004	147,221	51,527
Permanent differences -		
Increases	5,011	1,754
Permanent differences due to consolidation	9,474	3,316
Total permanent differences	14,485	5,070
Tax credits	-	(12,199)
Offset of tax losses	(104)	(36)
Adjusted income per books and expense for the year	161,602	44,362
Timing differences:		
Increases -		
Arising in the year	39,987	13,996
Decreases -		
Arising in prior years	(33,645)	(11,776)
Total timing differences	6,342	2,220
Taxable income and net tax payable	167,944	46,582
2004 tax prepayments		(2,704)
Net tax charge		56,077
Tax assets taken/offset by Group companies		(58,781)
Corporate income tax refundable		(2,704)

The difference between the tax charge allocated to the current year and to prior years and the tax charge already paid or payable for such years, which is recorded in the "Prepaid Income Tax" account, arose as a result of timing differences derived mainly from the recording of certain "Provisions for Contingencies and Expenses", plus a portion of the amount recorded under the "Other Long-Term Payables" caption in the accompanying balance sheet (see Note 20-c).

The detail of the unused tax credits earned by the Company and of the years in which it earned them is as follows:

Year	Thousands of Euros
2001	2,213
2002	7,318
2003	7,139
2004	12,199

Based on the estimate made by the Company's directors of the years in which sufficient future income will be obtained to enable these prepaid taxes and tax credits to be offset and used, €13,664 thousand were recorded under the "Fixed and Other Noncurrent Assets – Tax Receivables" caption and the remaining €38,898 thousand were recorded under the "Current Assets – Tax Receivables" caption. Also, on the basis of the aforementioned estimate of future income, the directors consider that there is no reasonable doubt that the amounts recognized in the accompanying balance sheet will be recovered within the legally established time periods and limits.

The Company is still in the period during which it has to maintain the fixed assets in which it reinvested extraordinary income from the transfer of an equity investment, the tax credit for which it decided to take in 2001, pursuant to Article 36.ter of the Corporate Income Tax Law, as worded by Law 24/2001. The income for which the tax credit for the reinvestment of extraordinary income was taken amounts to €4,507 thousand, and the related amount was reinvested in 2001.

The Company has 2001, 2002, 2003 and 2004 open for review by the tax inspection authorities for VAT and personal income tax withholdings and the years since 1999 for corporate income tax. The Company's directors do not expect any material liabilities to arise as a result of an inspection of the open years that would affect the financial statements.

17. Other guarantee commitments to third parties and other contingent liabilities

a) *Guarantee commitments to third parties*

The detail of the guarantees provided by the Company to financial institutions for third parties is as follows:

	Thousands of Euros
Group and associated companies	255,490
Other guarantees	15,811
Total	271,301

The Company's directors consider that the liabilities not foreseen as of December 31, 2004, if any, which might arise from the guarantees provided, would not be material.

b) *Other contingent liabilities*

As of December 31, 2004, certain civil, labor, criminal and administrative lawsuits had been filed against the Company which were taken into account when estimating the contingent liabilities that might exist. Noteworthy because of their amount were the lawsuits with certain collecting societies.

Also, the lawsuits involving the Group companies include most notably the arbitral award handed down in the arbitration proceedings brought by Uniprex, S.A., Sole-Shareholder Company, and the Radio Blanca Group in connection with the contract entered into by the two parties on July 27, 2001.

In relation to this arbitration, the aforementioned Radio Blanca Group also requested arbitration due to breach of contract, the right to request the termination thereof and the payment of the amounts provided for in the contract, together with the damage and loss caused. Both proceedings were resolved simultaneously by an arbitral award dated March 16, 2004.

Uniprex, S.A., Sole-Shareholder Company, filed an appeal at the Madrid Provincial Appellate Court requesting that the award be rendered null and void. No decision has yet been handed down in this connection.

The Radio Blanca Group requested the enforcement of the arbitral award, which led to the termination and settlement of the contract dated July 27, 2001, and to the stay of payment of damages until the appeal to have the award set aside has been resolved, subject to Uniprex, S.A., Sole-Shareholder Company, providing a bank guarantee amounting to €247,140 thousand, secured by Antena 3 de Televisión, S.A., to cover the amount of the damages and the legally stipulated amount for interest and costs.

The Company's directors and its legal advisers do not expect any material liabilities additional to those already recorded to arise from the outcome of the lawsuits in progress.

18. Foreign currency balances and transactions

a) Foreign currency balances

The breakdown, by currency, of the equivalent euro value of the Company's foreign currency debts included in the "Trade Accounts Payable" caption on the liability side of the accompanying balance sheet as of December 31, 2004, is as follows:

Currency	Thousands of Euros
U.S. dollars	81,985
Other currencies	245
Total	82,230

b) Foreign currency transactions

The foreign currency transactions performed in 2004 related mainly to transactions denominated in U.S. dollars. Their equivalent euro values translated at the average exchange rates for the year were as follows:

	Thousands of Euros	
	U.S. Dollars	Other Currencies
Sales	646	-
Purchases and other expenses	124,717	480
Total	125,363	480

19. Financial instruments

As of December 31, 2004, the Company had arranged transactions to hedge its foreign currency asset and liability positions amounting to US\$ 227,398 thousand, at a weighted average exchange rate of €1.2340/US\$ 1, the detail being as follows:

Maturity	Thousands of U.S. Dollars
2005	115,147
2006	77,776
2007	33,054
2008	1,421
Total	227,398

20. Revenues and expenses

a) Net revenues

Most of the Company's sales are made in Spain.

b) Program amortization and other supplies

The detail of the "Program Amortization and Other Supplies" caption in 2004, is as follows:

	Thousands of Euros
Broadcasting of in-house productions	168,647
Outside production services	142,619
Program broadcasting rights	112,095
Performances of and contributions by entertainers	10,755
Other amortization	9,328
Live broadcasting rights	4,287
Addition to inventories	(178,801)
Total	268,930

The "Addition to Inventories" account reflects the expenses incurred in making programs. In accordance with the Company's procedures, these expenses are capitalized and subsequently amortized by the method described in Note 4-e.

c) Personnel expenses

The breakdown of the personnel expenses for 2004 is as follows:

	Thousands of Euros
Wages and salaries	85,899
Social security costs and other employee welfare expenses	15,338
Other personnel expenses	2,132
Total	103,369

The "Wages and Salaries" caption includes the expense for 2004 arising from the Antena 3 Group's three-year variable compensation and executive loyalty-building plan allocable to the Company's employees.

As reported to the Spanish National Securities Market Commission (CNMV) on May 12, 2004, on that same date the Company's Shareholders' Meeting approved a three-year variable compensation and executive loyalty-building plan for the Antena 3 Group. To implement the resolution of the Shareholders' Meeting, after the opinion of the Appointments and Compensation Committee had been heard and the appropriate resolutions had been adopted by the managing bodies empowered to do so, in 2004 the first stage of the plan was executed, which was notified to the CNMV on January 4, 2005. This plan is aimed at two groups of directors and executives, for which the same terms and conditions were established.

The most salient matters relating to the implementation of this plan as of December 31, 2004, were as follows:

1. Plan beneficiaries: 33 beneficiaries, all in the two categories established in the plan, namely: executives and professionals linked with the Antena 3 Group by an employment relationship or a contract for services (both directors and nondirectors). As of December 31, 2004, there were 29 beneficiaries at Antena 3 de Televisión, S.A.

2. Overall amount of the plan: the implementation of the plan at 2004 year-end represented 87.6% of the maximum incentive possible approved by the Shareholders' Meeting. This percentage is the sum of:
 - a. 1.752% of the result of multiplying by 11.6 the difference between €120,000 thousand and the consolidated EBITDA of the Antena 3 Group as of December 31, 2006, based on the formally prepared and audited financial statements. The maximum percentage approved by the Shareholders' Meeting in this connection was 2%.
 - b. 0.876% of the difference between €1,392,000 thousand and the average stock market value of the Company in December 2006, up to a limit of €2,000,000 thousand. The maximum percentage approved by the Shareholders' Meeting in this connection was 1%.
3. Means of applying the plan to the different groups:
 - a. Through July 10, 2009: group with mixed variable compensation, which includes the payment of 30% of the total amount in cash and the remaining 70% in the form of Company shares, or also in cash for certain beneficiaries. This group includes 14 beneficiaries, 11 of whom work for Antena 3 de Televisión, S.A., and the amount assigned is 76% of the aforementioned 87.6%.
 - b. Through July 10, 2007: group with variable compensation in cash only. This group consists of 19 beneficiaries, 18 of whom work for Antena 3 de Televisión, S.A., and the amount assigned is 11.6% of the aforementioned 87.6%.

The liabilities incurred to date, based on the best estimates of the cost of this plan, total €8,579 thousand, and this amount is included under the "Other Long-Term Payables" caption in the accompanying balance sheet (see Note 4-m).

The average number of employees in 2004, by category, was as follows:

Professional Category	Number of Employees
Senior management	24
Operations and programs personnel	1,031
Commercial personnel	137
Management personnel	167
Interns	37
Specific -project hires	204
Total	1,600

d) Rent and royalties

The "Rent and Royalties" caption in the accompanying statement of operations for 2004 includes most notably the amounts paid to Retevisión I, S.A. as fees for the distribution of the audiovisual signal.

e) Other current operating expenses

The breakdown of the balance of this caption in the statement of operations for 2004 is as follows:

	Thousands of Euros
Work performed by other companies	13,330
Communications	6,378
Advertising and publicity	8,748
Copyright and other expenses	59,775
Total	88,231

f) Fees and other amounts paid to auditors

The fees accrued in 2004 for audit services provided to Antena 3 de Televisión, S.A. by Deloitte, S.L. amounted to €182 thousand. Also, the fees for other professional services provided to the Company by its auditor in 2004 amounted to €19 thousand.

g) Extraordinary expenses

The detail of this caption in the s statement of operations for 2004 is as follows:

	Thousands of Euros
Provisions for short-term contingencies and expenses (Note 4-j)	22,954
Other extraordinary expenses	8,668
Total	31,622

21. Directors' compensation and other benefits

The compensation earned in 2004 by the former and current directors for salaries and attendance fees amounted to €2,392 thousand.

The Company has not granted any loans or advances to its Board members and it does not have any supplementary pension, retirement bonus, special indemnity or life insurance commitments to them in their capacity as directors.

Also, the Company has recorded an accrual for the estimated cost of the three-year variable compensation and executive loyalty-building plan, which includes the portion applicable to directors (see Notes 4-m and 20-c).

22. Detail of the equity interests held by the directors in companies engaging in similar activities and performance by them, for their own account or the account of others, of similar activities

Pursuant to Article 127 ter.4 of the Spanish Corporations Law, introduced by Law 26/2003, which amends Securities Market Law 24/1988, and the revised Spanish Corporations 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 corporate purpose of Antena 3 de Televisión, S.A. in which the members of the Board of Directors own equity interests, per the representations made by each of the directors, and of the functions, if any, that they discharge at those companies, and of the activities that the members of the Board of Directors carry on, for their own account or the account of others, that are identical, similar or complementary to the activity that constitutes the corporate purpose of Antena 3 de Televisión, S.A.

- A) Directors of Antena 3 de Televisión, S.A. who are also directors or executives of other Antena 3 de Televisión Group companies:

The only member of the Board of Directors of Antena 3 de Televisión, S.A. with management responsibilities at Group subsidiaries is Maurizio Carlotti, who is a director acting severally of the subsidiary Publicidad 3, S.A., Sole-Shareholder Company, and a representative of Antena 3 de Televisión, S.A. as the sole director of the subsidiary Atres Advertising, S.L., Sole-Shareholder Company.

- B) Directors of Antena 3 de Televisión, S.A. who are also directors or executives of significant shareholders of the Antena 3 de Televisión Group:
- José Creuheras Margenat is a director acting severally of Kort Geding, S.L.
 - Marco Drago is a director acting severally of Kort Geding, S.L.
 - Joan David Grimà Terré is General Manager of Banco Santander Central Hispano.
- C) Positions held by directors and equity interests owned by them in companies engaging in an activity that is identical, similar or complementary to the activity of Antena 3 de Televisión, S.A. and of companies in its Group:
- Maurizio Carlotti owned, through January 2005, 80,000 shares of Mediaset, S.p.A., which represented 0.000678% of the capital stock of this television company.
 - Joan David Grimà Terré: CEO of Auna Operadores de Telecomunicaciones (integrated broadband telephony, television and Internet services).
 - Thomas Rabe: General Manager of UFA Films und Fernseh GmbH (audiovisual production) and Financial Manager of RTL Group, S.L. (television).
 - Nicolás Abel Bellet de Tavernost: Chairman of the Board of Directors of Métropole Televisión, S.A. (television services).
- D) Members of the Board of Directors of Antena 3 de Televisión, S.A. who are also directors of other listed companies:
- The members of the Board of Directors of Antena 3 de Televisión, S.A. who sit on the managing bodies of other entities whose securities are listed on the official Spanish markets but whose business activities are not related with those of Antena 3 de Televisión, S.A. are as follows:
- José Manuel Lara Bosch: director of Banco de Sabadell and of Compañía de Distribución Logista, S.A.
 - Pedro Ramón y Cajal Agüeras: director of Indra Sistemas, S.A.
 - Joan David Grimà Terré: independent director of ACS, Actividades de Construcción y Servicios, S.A.
- E) Activities performed by the directors of Antena 3 de Televisión, S.A., for their own account or the account of others, that are identical, similar or complementary to the activity carried on by the Company:
- None of the directors of Antena 3 de Televisión, S.A. carries on, for his own account or the account of others, activities that are identical, similar or complementary to the activity that constitutes the corporate purpose of Antena 3 de Televisión, S.A.

23. Subsequent events

In January 2005 the Company acquired 75,000 shares of treasury stock which, together with the 481,502 shares of treasury stock recorded in the accompanying balance sheet, represent 1.002% of its capital stock. This acquisition was carried out pursuant to the authorization granted by the Shareholders' Meeting on May 12, 2004, and in accordance with the requirements established therein, for the purpose (expressly provided for in the authorization) of covering such needs as might arise from the implementation of the three-year variable compensation and executive loyalty-building plan, which was also approved by the aforementioned Shareholders' Meeting.

24. Statements of changes in financial position for 2004 and 2003

Following are the statements of changes in financial position for 2004 and 2003:

APPLICATION OF FUNDS	Thousands of Euros		SOURCE OF FUNDS	Thousands of Euros	
	2004	2003		2004	2003
Funds applied in operations	-	190.808	Funds obtained from operations	133.799	-
Dividends distributed	-	-			
Fixed asset additions-			Fixed asset disposals-		
Intangible assets	821	1.417	Intangible assets	7	-
Tangible fixed assets	4.762	5.417	Tangible fixed assets	191	92
Long-term investments-			Long-term investments-		
Investments in Group, associated and other companies	6	1.005	Investments in Group, associated and other companies	5.949	-
Guarantees and deposits		11	Guarantees and deposits	8	-
Long-term loans	100.036	43.133	Repayment or transfer to short term of long-term loans	8.233	6.234
Transfer to long term of prepaid taxes and tax credits earned in prior years		11.657	Transfer to short term of prepaid taxes	20.899	
Repayment or transfer to short term of long-term debt-			Transfer to short term of long-term investments	2.915	
Other accounts payable	31.100	32.021	Long-term debt-		
Payable to Group and associated companies		3.169	Payable to credit institutions		-
			Other payables	8.706	
TOTAL FUNDS APPLIED	136.725	288.638	TOTAL FUNDS OBTAINED	180.706	6.326
FUNDS OBTAINED IN EXCESS OF FUNDS APPLIED (INCREASE IN WORKING CAPITAL)	43.981	-	FUNDS APPLIED IN EXCESS OF FUNDS OBTAINED (DECREASE IN WORKING CAPITAL)	-	282.312
TOTAL	180.706	288.638	TOTAL	180.706	288.638

VARIATION IN WORKING CAPITAL	Thousands of Euros			
	2004		2003	
	Increase	Decrease	Increase	Decrease
Inventories	37.978	-	-	84.436
Accounts receivable	36.685	-	7.747	-
Short-term investments	146.895	-	-	1.520
Cash	-	5.842	7.202	-
Accrual accounts	461	-	-	697
Current liabilities	-	172.196	-	210.608
TOTAL	222.019	178.038	14.949	297.261
VARIATION IN WORKING CAPITAL	43.981	-	-	282.312

The reconciliation of the income (loss) for the year to the funds obtained from operations is as follows:

	Thousands of Euros	
	2004	2003
Income (Loss) for the year	102,859	(208,351)
Add		
Depreciation and amortization and start-up expenses	19,833	20,617
Provision for investment valuation allowance and reserve for treasury stock	3,165	14,384
Period provision for long-term contingencies and expenses	4,688	
Losses on control portfolio disposals	466	
Provision to tangible fixed asset allowance	1,247	
Amortization of debt arrangement expenses	483	507
Losses on tangible fixed assets	1,058	774
Less		
Gains on tangible fixed asset disposals		(17)
Tax asset for tax credits earned in the year		(18,722)
Funds obtained from operations	133,799	(190,808)

25. Explanation added for translation to English

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

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

ANTENA 3 DE TELEVISIÓN, S.A. 2004 MANAGEMENT REPORT

Business performance and situation of the Company

Net revenues amounted to €697 million in 2004, up 29% on 2003. The factors that underpinned this spectacular revenue growth were the strength of the advertising market, particularly the television advertising market, the increase in our network's audience figures and our capacity to make these figures profitable and to obtain higher market shares.

The annual average audience share was 20.8% in 2004, as compared with 19.5% in 2003. Furthermore, this improvement in audience figures was most evident in prime-time viewing (after 9 p.m.), when viewing figures and advertising demand are highest and advertisements are most expensive. The network achieved an average audience share of prime time viewing of 21.6%, up 3 percentage points on the preceding year.

Along the same lines, operating income doubled to €190 million from the €92 million reported in 2003. Operating income as a percentage of net sales climbed from 17% in 2003 to 27% in 2004.

Lastly, the Company achieved after-tax income of €103 million in 2004, in sharp contrast to the heavy losses incurred in 2003, when, in addition to a poorer operating margin, the Company had to make very significant write-downs, which led to heavy extraordinary losses.

The shares of Antena 3 de Televisión, S.A. have been listed on the Spanish stock markets since October 29, 2003. 14 months on, the trend in the share price can only be described as exceptional. In 2004 the market price of the shares grew by 52% and is now comfortably more than double the reference price used for their admission to listing.

Significant events subsequent to year-end

At its last meeting in 2004 (on December 30), the Council of Ministers approved the "Preliminary Bill to Promote Digital Terrestrial Television, Deregulate Cable Television and Foster Pluralism".

This unexpected decision, taken without previously having consulted the industry and before the government had sufficient knowledge regarding the real potential of the radio spectrum, without having established guidelines regarding the public television model and without having issued even a first draft of the long-awaited General Audiovisual Law, has led to uncertainty among operators and must be submitted to public debate so that the various alternative legal structures can be analyzed with transparent criteria known by all the affected parties.

A3TV has expressed and demonstrated on numerous occasions its firm commitment to digital technology and its seamless support for a rapid and efficient transition to DTT, which is undoubtedly the prevailing trend in our economic sphere, with the concomitant orderly and progressive abandonment of the now obsolete analog technology. Therefore, we consider it essential that new analog technological developments should not be promoted in any geographical area in order not to create barriers that hinder the introduction of DTT.

It should be noted in this regard that operators are demonstrating a growing interest in local digital terrestrial television, for which the first invitations to tender bids for the related franchises have already been launched. This will further encourage the potential fragmentation of a market with an increasingly diversified product portfolio.

In January 2005 the Company acquired 75,000 shares of treasury stock which, together with the 481,502 shares of treasury stock recorded in the accompanying balance sheet, represent 1.002% of its capital stock. This acquisition was carried out pursuant to the authorization granted by the Shareholders' Meeting on May 12, 2004, and in accordance with the requirements established therein, for the purpose (expressly provided for in the authorization) of covering such needs as might arise from the implementation of the three-year variable compensation and executive loyalty-building plan, which was also approved by the aforementioned Shareholders' Meeting.

Outlook for the Company

The path along which the Company has been traveling since the new management team took over in mid-2003 enables us to view the near future with reasonable optimism. The harsh measures taken to streamline the Company's balance sheet in 2003 were aimed at affording Antena 3 Televisión the strength and capacity that would guarantee it a better competitive position and enable it to obtain recurring income, which had hitherto been impossible.

2004 is a good illustration of what the Company hopes to achieve on a lasting basis. To this end, it will be necessary to continue to innovate, in both technical areas and in relation to programming and the management model. If the targets set are to be achieved, we must ensure that we set ourselves the most exacting standards.

The demands placed on us by stiffer competition in the markets and technological change will be accompanied by additional difficulties and opportunities derived from the new regulation of the audiovisual industry that legislature aims to impose in the immediate future. Antena 3 Televisión is destined to play an important role in this far-reaching process of change, which, ultimately affecting all areas of the audiovisual business (management, production, marketing, programming, etc.), should not pose an obstacle for its growth plans or its earnings expectations.

Research and development activities

In 2004 the Company did not carry out any specific research and development activities.

However, it continued to make investments geared towards adapting all its equipment to digital technology under a plan that will be completed in the coming years.

Treasury stock acquisitions

In 2004 no transactions involving shares of treasury stock were performed.