2003

financial statements

Mario Salazar Erdmann
Contador Público

REPORT OF STATUTORY AUDITOR

México, D.F., March 22, 2004.

To the Stockholders' of
Grupo Televisa, S.A.:

In my capacity as Statutory Auditor and in compliance with Article 166 of the Mexican General Companies Law and of the Company's by-laws, I hereby submit my report on the veracity, sufficiency and reasonability of the - unconsolidated and consolidated - financial information prepared by and under the responsibility of the company's management, presented to you by the Board of Directors concerning the company's operation for the year ended December 31, 2003.

I have attended the Stockholders' and Board of Directors' meetings of which I have been notified, and I have obtained from the directors and administrators the operating information, documentation and accounting records that I considered it necessary to examine. My review was carried out in accordance with auditing standards generally accepted in Mexico.

In my opinion, the accounting and reporting policies and criteria followed by the company and applied by management in preparing the financial information presented to this meeting are appropriate and adequate and have been applied on a basis consistent with that of the previous year; therefore, such information correctly, fairly and adequately present the - unconsolidated and consolidated - financial position of Grupo Televisa, S.A. at December 31, 2003, and the results of its operations, the charges in its stockholders' equity and the changes in its financial position - unconsolidated and consolidated - for the year then ended, in conformity with accounting principles generally accepted in Mexico.

Very truly yours,

C.P.C. Mario Salazar Erdmann
Statutory Auditor

PricewaterhouseCoopers

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REPORT OF INDEPENDENT AUDITORS

México, D.F., February 25, 2004.

To the Stockholders of Grupo Televisa, S.A.:

We have audited the accompanying consolidated balance sheets of Grupo Televisa, S.A. and subsidiaries as of December 31, 2002 and 2003, and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for the years ended December 31, 2001, 2002 and 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Grupo Televisa, S.A. and subsidiaries at December 31, 2002 and 2003, and the results of their operations, the changes in their stockholders' equity and the changes in their financial position for the years ended December 31, 2001, 2002 and 2003, in conformity with accounting principles generally accepted in Mexico.

PricewaterhouseCoopers

C.P.C. Felipe Pérez Cervantes
Audit Partner

GRUPO TELEVISA, S.A. AND SUBSIDIARIES

consolidated balance sheets

As of december 31, 2002 and 2003

(In thousands of Mexican Pesos in purchasing power as of December 31, 2003)

(Notes 1 and 2)

			2002		2003
ASSETS					
Current:					
Available:					
Cash		Ps.	1,677,324	Ps.	371,754
Temporary investments			7,458,892		11,891,774
			9,136,216		12,263,528
Trade notes and accounts receivable - net	(Note 3)		9,879,900		10,603,054
Other accounts and notes receivable - net			902,361		893,216
Due from affiliated companies - net	(Note 17)		2,987		442,440
Transmission rights and programming	(Note 4)		3,556,102		3,535,090
Inventories			528,912		513,458
Other current assets			447,276		507,341
Total current assets			24,453,754		28,758,127
Transmission rights and programming	(Note 4)		5,029,801		4,670,578
Investments	(Note 5)		3,153,703		6,321,780
Property, plant and equipment - net	(Note 6)		15,953,345		15,600,698
Goodwill and other intangible assets - net	(Note 7)		9,694,681		9,200,158
Other assets	(Note 11)		372,808		207,899
Total assets		Ps.	58,658,092	Ps.	64,759,240

The accompanying notes are an integral part of these consolidated financial statements.

GRUPO TELEVISA, S.A. AND SUBSIDIARIES

consolidated balance sheets

As of december 31, 2002 and 2003

(In thousands of Mexican Pesos in purchasing power as of December 31, 2003)

(Notes 1 and 2)

			2002		2003
LIABILITIES					
Current:					
Current portion of long-term debt	(Note 8)	Ps.	1,289,184	Ps.	285,193
Trade accounts payable			2,317,961		2,348,579
Customer deposits and advances			12,008,690		13,584,683
Taxes payable			921,634		1,287,040
Accrued interest			319,694		315,165
Other accrued liabilities			848,993		1,131,506
Total current liabilities			17,706,156		18,952,166
Long-term debt	(Note 8)		13,875,887		14,704,222
Customer deposits and advances			211,767		419,560
Other long-term liabilities			790,690		708,505
Deferred taxes	(Note 21)		2,116,816		1,154,456
DTH joint ventures	(Note 10)		1,710,665		1,294,004
Pension plans and seniority premiums	(Note 11)		73,655		–
Total liabilities			36,485,636		37,232,913
Commitments and contingencies	(Note 12)				
STOCKHOLDERS' EQUITY					
Majority interest:					
Capital stock, no par value:	(Note 13)				
Issued			7,916,621		8,207,441
Repurchased			(254,870)		(619,722)
Outstanding			7,661,751		7,587,719
Additional paid-in capital			225,038		3,875,418
			7,886,789		11,463,137
Retained earnings:	(Note 14)				
Legal reserve			1,231,128		1,269,487
Reserve for repurchase of shares			5,736,233		5,284,975
Unappropriated earnings			10,602,445		7,077,000
Net income for the year			767,176		3,596,603
			18,336,982		17,228,065
Accumulated other comprehensive loss	(Note 15)		(5,236,206)		(2,243,519)
			13,100,776		14,984,546
Total majority interest			20,987,565		26,447,683
Minority interest	(Note 16)		1,184,891		1,078,644
Total stockholders' equity			22,172,456		27,526,327
Total liabilities and stockholders' equity		Ps.	58,658,092	Ps.	64,759,240

The accompanying notes are an integral part of these consolidated financial statements.

GRUPO TELEVISA, S.A. AND SUBSIDIARIES

consolidated statements of income

For the years ended December 31, 2001, 2002 and 2003
(In thousands of Mexican Pesos in purchasing power as of December 31, 2003, except per CPO amounts)
(Notes 1 and 2)

			2001		2002		2003
Net sales	(Note 25)	Ps.	21,612,121	Ps.	22,416,573	Ps.	23,563,213
Cost of sales			12,575,482		12,911,892		12,889,063
Gross profit			9,036,639		9,504,681		10,674,150
Operating expenses:							
Selling			1,636,661		1,752,572		1,692,930
Administrative			1,479,931		1,409,525		1,410,043
			3,116,592		3,162,097		3,102,973
Depreciation and amortization			1,407,883		1,507,334		1,525,240
Operating income	(Note 25)		4,512,164		4,835,250		6,045,937
Integral cost of financing - net	(Note 18)		454,292		637,347		614,527
Restructuring and non-recurring charges	(Note 19)		597,176		875,340		657,249
Other expense - net	(Note 20)		722,102		2,218,938		543,256
Income before taxes			2,738,594		1,103,625		4,230,905
Income tax and assets tax	(Note 21)		570,530		306,991		713,959
Employees' profit sharing	(Note 21)		23,626		4,259		5,524
			594,156		311,250		719,483
Income before equity in results of affiliates, results from discontinued operations and cumulative loss effect of accounting change			2,144,438		792,375		3,511,422
Equity in (losses) earnings of affiliates - net	(Note 5)		(573,816)		(1,201,779)		28,288
Income (loss) from discontinued operations - net	(Note 22)		14,622		1,105,010		(64,157)
Cumulative loss effect of accounting change - net	(Note 1 (p))		(76,320)		-		-
Consolidated net income			1,508,924		695,606		3,475,553
Minority interest	(Note 16)		(29,988)		71,570		121,050
Net income	(Note 14)	Ps.	1,478,936	Ps.	767,176	Ps.	3,596,603
Net income per CPO	(Note 23)	Ps.	0.51	Ps.	0.24	Ps.	1.23

The accompanying notes are an integral part of these consolidated financial statements.

GRUPO TELEVISA, S.A. AND SUBSIDIARIES

consolidated statements of changes in stockholders' equity

For the years ended December 31, 2001, 2002 and 2003

(In thousands of Mexican Pesos in purchasing power as of December 31, 2003)

(Notes 1 and 2)

	Capital stock (Note 13)	Additional paid-in capital	Retained earnings (Note 14)	Accumulated other comprehensive (loss) income (Note 15)	Total majority interest	Minority interest (Note 16)	Total stockholders' equity
Balance at January 1, 2001	Ps. 7,713,427	Ps. 224,647	Ps. 16,321,391	Ps. (5,132,095)	Ps. 19,127,370	Ps. 1,051,730	Ps. 20,179,100
Repurchase of capital stock	(44,857)	-	(198,804)	-	(243,661)	-	(243,661)
Increase in minority interest	-	-	-	-	-	20,714	20,714
Comprehensive income (loss)	-	-	1,478,936	(851,381)	627,555	-	627,555
Balance at December 31, 2001	7,668,570	224,647	17,601,523	(5,983,476)	19,511,264	1,072,444	20,583,708
Shares issued	35	391	-	-	426	-	426
Repurchase of capital stock	(6,854)	-	(31,717)	-	(38,571)	-	(38,571)
Increase in minority interest	-	-	-	-	-	112,447	112,447
Comprehensive income	-	-	767,176	747,270	1,514,446	-	1,514,446
Balance at December 31, 2002	7,661,751	225,038	18,336,982	(5,236,206)	20,987,565	1,184,891	22,172,456
Dividends	-	-	(571,871)	-	(571,871)	-	(571,871)
Repurchase of capital stock	(460,029)	-	(4,192,346)	-	(4,652,375)	-	(4,652,375)
Sale of capital stock under stock option plan	13,002	-	58,697	-	71,699	-	71,699
Shares issued	372,995	3,650,380	-	-	4,023,375	-	4,023,375
Decrease in minority interest	-	-	-	-	-	(106,247)	(106,247)
Comprehensive income	-	-	3,596,603	2,992,687	6,589,290	-	6,589,290
Balance at December 31, 2003	Ps. 7,587,719	Ps.3,875,418	Ps. 17,228,065	Ps. (2,243,519)	Ps. 26,447,683	Ps. 1,078,644	Ps. 27,526,327

The accompanying notes are an integral part of these consolidated financial statements.

financial statements

GRUPO TELEVISA, S.A. AND SUBSIDIARIES

consolidated statements of changes in financial position

For the years ended December 31, 2001, 2002 and 2003

(In thousands of Mexican Pesos in purchasing power as of December 31, 2003)

(Notes 1 and 2)

	2001	2002	2003
Operating activities:			
Net income	Ps. 1,478,936	Ps. 767,176	Ps. 3,596,603
Adjustments to reconcile net income to resources provided by (used for) operating activities:			
Equity in losses (earnings) of affiliates	573,816	1,201,779	(28,288)
Minority interest	29,988	(71,570)	(121,050)
Depreciation and amortization	1,407,883	1,507,334	1,525,240
Write-off of long-lived assets and other amortization	582,509	1,653,648	747,224
Deferred taxes	(185,673)	(627,349)	(332,068)
Loss (gain) on disposition of affiliates	-	12,996	(445,824)
Cumulative loss effect of accounting change	76,320	–	–
(Income) loss from discontinued operations	(14,622)	(1,105,010)	64,157
	3,949,157	3,339,004	5,005,994
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Trade notes and accounts receivable - net	(694,816)	(306,603)	(723,154)
Transmission rights and programming	674,892	(154,537)	500,843
Inventories	(162,410)	56,342	15,454
Other accounts and notes receivable and other current assets	(385,172)	622,522	(50,920)
Increase (decrease) in:			
Customer deposits and advances	494,541	349,795	1,783,786
Trade accounts payable	(155,199)	150,699	30,618
Other liabilities, taxes payable and deferred taxes	(774,027)	1,255,974	(188,257)
Pension plans and seniority premiums	30,737	19,038	68,174
	(971,454)	1,993,230	1,436,544
Resources provided by continuing operations	2,977,703	5,332,234	6,442,538
Resources provided by discontinued operations	11,180	–	–
Resources provided by operating activities	2,988,883	5,332,234	6,442,538
Financing activities:			
Issuance of Senior Notes	3,026,097	3,264,030	–
Other decrease in debt-net	(1,441,605)	(2,556,296)	(175,656)
Repurchase of capital stock	(243,661)	(38,571)	(4,580,676)
Series “A” Shares of capital stock issued	–	426	4,023,375
Dividends paid	–	–	(571,871)
Minority interest	(9,274)	184,017	14,803
Translation effect	(349,378)	(253,660)	(307,523)
Resources provided by (used for) financing activities	982,179	599,946	(1,597,548)
Investing activities:			
Due from affiliated companies - net	(18,287)	513,601	(439,453)
Investments	(5,182,298)	1,614,693	(609,708)
Disposition of investments	252,765	750,067	537,031
Investments in property, plant and equipment	(1,471,339)	(1,407,761)	(1,052,221)
Disposition of property, plant and equipment	569,604	108,764	414,445
Disposition of discontinued operations	–	2,277,061	(94,348)
Goodwill and other intangible assets - net	(679,270)	(6,839,384)	(496,504)
Other assets	80,986	4,786	23,080
Resources used for investing activities	(6,447,839)	(2,978,173)	(1,717,678)
Net (decrease) increase in cash and temporary investments	(2,476,777)	2,954,007	3,127,312
Cash and temporary investments at beginning of year	8,658,986	6,182,209	9,136,216
Cash and temporary investments at end of year	Ps. 6,182,209	Ps. 9,136,216	Ps. 12,263,528

The accompanying notes are an integral part of these consolidated financial statements.

notes to consolidated financial statements

For the years ended December 31, 2001, 2002 and 2003
(In thousands of Mexican Pesos in purchasing power as of December 31, 2003, except per CPO, per share and exchange rate amounts)

1. Accounting policies

The principal accounting policies followed by Grupo Televisa, S.A. (the "Company") and its consolidated subsidiaries (collectively, the "Group") and observed in the preparation of these consolidated financial statements are summarized below.

a) Basis of presentation

The financial statements of the Group are presented on a consolidated basis and in accordance with accounting principles generally accepted in Mexico ("Mexican GAAP"), and accordingly, include the recognition of the effects of inflation on financial information. The consolidated financial statements include the net assets and results of operations of all companies in which the Company has a controlling interest (subsidiaries). All significant intercompany balances and transactions have been eliminated from the financial statements.

The preparation of financial statements in conformity with Mexican GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

b) Members of the Group

At December 31, 2003, the Group consisted of the Company and various subsidiaries, including the following:

	Company's ownership (1)	Business segments (2)
Telesistema Mexicano, S.A. de C.V. and subsidiaries	100%	Television broadcasting
		Programming for pay television
		Programming licensing
Televisión Independiente de México, S.A. de C.V. and subsidiaries	100%	Television broadcasting
Editorial Televisa, S.A. de C.V. and subsidiaries	100%	Publishing
Grupo Distribuidoras Intermex, S.A. de C.V. and subsidiaries	100%	Publishing distribution
Empresas Cablevisión, S.A. de C.V. and subsidiaries	51%	Cable television (3)
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	Radio (see Note 2)
Corporativo Vasco de Quiroga, S.A. de C.V. and subsidiaries	100%	Other businesses
CVQ Espectáculos, S.A. de C.V. and subsidiaries	100%	Other businesses
Galavisión DTH, S. de R.L. de C.V.	100%	DTH (4)

(1) Percentage of equity interest directly held by the Company in the holding subsidiary.

(2) See Note 25 for a description of each of the Company´s business segments.

(3) In April 2002, the minority shareholder of Empresas Cablevisión, S.A. de C.V. ("Cablevisión"), the subsidiary through which the Group's cable television business is conducted, sold its 49% equity interest in Cablevisión in connection with an offering of CPOs of Cablevisión on the Mexican Stock Exchange.

(4) The Group has investments in joint ventures engaged in direct-to-home ("DTH") broadcast satellite pay television.

The Group's television broadcasting, cable television, radio and nationwide paging businesses require concessions (licenses) granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. At December 31, 2003, the expiration dates of the Group's concessions were as follows:

Concessions	Expiration dates
Television broadcasting	Various from 2003 to 2012
Cable television	In 2029
Radio	Various from 2004 to 2015
Nationwide paging	In 2006 and 2019

There are some television broadcasting concessions which expired in October 2003, and are pending to be confirmed for renewal. The Group's management has complied with all applicable requirements and expects that renewal of these concessions will be confirmed in 2004 by the Mexican Federal Government.

c) Foreign currency translation

Monetary assets and liabilities of Mexican companies denominated in foreign currencies are translated at the prevailing exchange rate at the balance sheet date. Resulting exchange rate differences are recognized in income for the year, within integral cost of financing.

Assets, liabilities and results of operations of non-Mexican subsidiaries are first converted to Mexican GAAP, including restating to recognize the effects of inflation based on the inflation of each foreign country, and then translated to Mexican pesos utilizing the exchange rate as of the balance sheet date at year-end. Resulting translation differences are recognized in equity as part of the other comprehensive income or loss. Financial statements of non-Mexican operations that are integral to Mexican operations are converted to Mexican GAAP and translated to Mexican pesos by utilizing the exchange rate of the balance sheet date at year-end for monetary assets and liabilities, with the related adjustment included in net income, and historical exchange rates for non-monetary items.

Effective March 2002, the Group designated its net investment in Univision as an effective hedge of its Senior Notes due 2011 and 2032 for an aggregate amount of U.S.$600 million (Ps.6,735,000) (see Note 8). Consequently, beginning March 2002, any foreign exchange gain or loss attributable to this U.S. dollar long-term debt, being hedged by the Group's net investment in shares of Univision, is credited or charged directly to equity (other comprehensive income or loss).

d) Temporary investments

The Group considers all highly liquid investments with original maturities of one year or less, to be temporary investments. Temporary investments are valued at market value.

As of December 31, 2002 and 2003, temporary investments consisted of fixed short-term deposits in commercial banks (primarily Mexican Pesos and U.S. dollars), with an average yield of approximately 1.99% for U.S. dollar deposits and 7.56% for Mexican Peso deposits in 2002, and approximately 1.30% for U.S. dollar deposits and 7.07% for Mexican Peso deposits in 2003.

e) Transmission rights and programming

Programming is comprised by programs, literary works, production talent advances and films.

Transmission rights and literary works are valued at the lesser of acquisition cost or net realizable value. Programs and films are valued at the lesser of production cost, which consists of direct production costs and production overhead, or net realizable value.

Transmission rights, programs, literary works, production talent advances and films are restated by using the National Consumer Price Index ("NCPI") factors, and specific costs for some of these assets, which are determined by the Group on the basis of last purchase price or production cost, or replacement cost whichever is more representative. Cost of sales is determined based on restated costs, and calculated for the month in which such transmission rights, programs, literary works, production talent advances and films are matched with related revenues.

Transmission rights and literary works are amortized over the lives of the contracts. Transmission rights in perpetuity, are amortized on a straight-line basis over the period of the expected benefit as determined based upon past experience, but not for more than 25 years.

The Group's policy is to capitalize the production costs of programs which benefit more than one period and amortize them over the expected period of program revenues based on the Company's historic revenue patterns for similar productions.

The Group makes payments to artists, producers, writers and actors for exclusive rights to their services in the Group's future programs for specified periods (production talent advances). Such payments will be included as direct or indirect costs of program production to be amortized starting with transmission.

f) Inventories

Inventories of paper, magazines, materials and supplies are valued at the lesser of acquisition cost or net realizable value. Inventories are restated by using the NCPI factors, and specific costs for some of these assets, which are determined by the Group on the basis of last purchase price.

g) Investments

Investments in companies in which the Group exercises significant influence or joint control are accounted for by the equity method. The Group recognizes equity in losses of affiliated companies up to the amount of its initial investment and subsequent capital contributions, or beyond that when guaranteed commitments have been made by the Group in respect of obligations incurred by investees, but not in excess of such guarantees. If an affiliated company for which the Group had recognized equity losses up to the amount of its guarantees generates net income in the future, the Group would not recognize its proportionate share of this net income until the Group first recognizes its proportionate share of previously unrecognized losses. Other investments are accounted for at cost.

h) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost, and thereafter are restated using the NCPI, except for equipment of non-Mexican origin, which is restated using an index which reflects the inflation in the respective country of origin and the exchange rate of the Mexican Peso against the currency of such country at the balance sheet date ("Specific Index").

Depreciation of property, plant and equipment is based upon the restated carrying value of the assets in use and is computed using the straight-line method over the estimated useful lives of the assets ranging principally from 20 to 65 years for buildings, 5 to 25 years for technical equipment and 5 to 20 years for other equipment.

i) Goodwill and other intangible assets

Goodwill and other intangible assets are recognized at cost, and thereafter restated using the NCPI. Beginning January 1, 2003, in connection with the adoption of Bulletin C-8, "Intangible Assets", issued by the Mexican Institute of Public Accountants (the "MIPA"), the Group's trademarks and its television network concession are deemed intangible assets with indefinite useful lives, and ceased being amortized after December 31, 2002. Additionally, in accordance with the provisions of Bulletin C-8, indefinite-lived intangibles are subject to at least an annual assessment for impairment and more frequently if circumstances indicate a possible impairment exists. Before 2003, trademarks and the television network concession were amortized over periods of 40 and 15 years, respectively. Had these intangible assets been amortized during 2003, the consolidated amortization expense for the year ended December 31, 2003, would have increased by an amount of Ps. 93,714 (see Note 7). Goodwill and other intangible assets with measurable lives are amortized using the straight-line method over the following periods:

	Years
Goodwill	20
Licenses and software	Various from 3 to 10
Internet development costs	3
Financing costs	Over the life of the related debt

j) Evaluation of long-lived assets

The Group evaluates the recoverability of its long-lived assets to determine whether current events or circumstances warrant adjustment to the carrying value. Such evaluation is based on current and projected income and cash flows from operations as well as other economic and market variables (see Notes 7 and 20). Beginning January 1, 2004, long-lived assets will be evaluated for impairment in accordance with the provisions of the new Bulletin C-15 "Impairment of the Value of Long-lived Assets and its Disposition" issued by the MIPA in March 2003.

Bulletin C-15 provides guidance for the recognition and measurement of the impairment of long-lived assets to be held and used, and for the measurement of long-lived assets to be disposed by sale, abandonment or exchange. The Group has assessed the impact of this new accounting principle and determined that the adoption of Bulletin C-15 in 2004 is not expected to have a material effect on the Group's financial statements.

k) Customer deposits and advances

Deposit and advance agreements for television advertising services provide that customers receive volume discounts, that are fixed for the contract period, for television broadcast advertising time based on rates established by the Group. Such rates vary depending on when the advertisement is aired, including the season, hour, day and type of programming.

Customer deposits and advances are considered non-monetary items since they are non-refundable and are applied at rates in effect when they were received. Accordingly, these deposits and advances are restated to recognize the effects of inflation by using the NCPI.

l) Stockholders' equity

The capital stock and other stockholders' equity accounts (other than the result from holding non-monetary assets and the foreign currency translation adjustments) include the effect of restatement, determined by applying the change in the NCPI between the dates capital was contributed or net results were generated to the most recent period end. The restatement represents the amount required to maintain the contributions, share repurchases and accumulated results in Mexican Pesos in purchasing power as of December 31, 2003.

m) Revenue recognition

The Group derives the majority of its revenues from media and entertainment related business activities both domestically and internationally. Revenues generally are recognized when the service is provided and collectibility is probable. A summary of revenue recognition policies by activity is as follows:

- Advertising revenues, including deposits from customers for future advertising, are recognized at the time the advertising services are rendered.
- Revenues from program services for pay television and licensed television programs are recognized when the programs are sold and become available for broadcast.
- Revenues from magazine subscriptions are deferred and recognized proportionately as products are delivered to subscribers. Revenues from the sales of magazines and books are recognized when the merchandise is delivered, net of a provision for estimated returns.
- Cable television subscription, pay per view and installation fees are recognized in the period in which the services are rendered.
- Revenues from attendance to soccer games, including revenues from advance ticket sales for soccer games and other promotional events, are recognized on the date of the relevant event.
- Revenues from nationwide paging are recognized when the paging services are rendered.
- Motion picture production and distribution revenues are recognized as the films are exhibited.
- Revenues from dubbing services are recognized in the period in which the services are rendered.
- Advertising revenues from Internet operations are recognized based on the number of times in which such advertisement is shown on the Group's Internet portal and the number of times such advertisement is visited by a user.

n) Pension plans, seniority premiums and indemnities

Plans exist for pension and retirement payments for substantially all of the Group's Mexican employees, funded through irrevocable trusts. Payments to the trusts are determined in accordance with actuarial computations of funding requirements. Pension payments are made by the trust administrators.

Increases or decreases in the seniority premium liability are made by the Group and are based upon actuarial calculations.

Severance obligations to dismissed personnel are charged to income in the year in which they are incurred.

o) Income tax

The recognition of deferred income tax is made by using the comprehensive asset and liability method. Under this method, deferred income taxes are calculated by applying the respective income tax rate to the temporary differences between the accounting and tax values of assets and liabilities at the date of the financial statements.

p) Derivative financial instruments

The Group uses from time to time derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in foreign exchange rates and interest. All derivative financial instruments are recorded in the balance sheet at their fair value and changes in their fair value are recorded in each period in the income statement. The Group adopted this accounting policy as of January 1, 2001, and recognized a cumulative effect loss of Ps.76,320 (net of income tax benefit of Ps.41,097) in the consolidated income statement for the year ended December 31, 2001.

q) Comprehensive income

Comprehensive income includes the net income for the period presented in the income statement plus other results for the period reflected in the stockholders' equity which are from non-owner sources (see Note 15).

r) Prior years' financial statements

The Group's financial statements for prior years have been restated to Mexican pesos in purchasing power as of December 31, 2003, by using a restatement factor derived from the change in the NCPI, which for 2001 and 2002 was 1.0990 and 1.0398, respectively. Had the alternative weighted average factor allowed under Mexican GAAP been applied to restate the Group's financial statements for prior years, which included the results of Mexican and non-Mexican subsidiaries, the restatement factor for 2001 and 2002 would have been 1.1080 and 1.0515, respectively.

The NCPI at the following dates was:

December 31, 2001	97.354
December 31, 2002	102.904
December 31, 2003	106.996

Certain reclassifications have been made in prior years' financial statements to conform to classifications used in the most recent year.

2. Acquisitions and dispositions

In June 2001, the Group acquired a 30% equity interest in Argos Comunicación, S.A. de C.V. ("Argos"), a company engaged in the production of television programming, for an aggregate cash purchase price of Ps.153,614 (see Note 7).

In October 2001, the Company sold a 50% equity stake, with limited voting rights, in the Group's radio subsidiary, Sistema Radiópolis, S.A. de C.V., to Grupo Prisa, a Spanish communications group, for an aggregate purchase price of U.S.$50 million (Ps.512,087), (U.S.$15 million (Ps.153,626) of which was in the form of cash and U.S.$35 million (Ps.358,462) of which was in the form of notes receivable due in July 2002), and a U.S.$10 million (Ps.100,870) capital contribution made in July 2002. The Group recognized a pre-tax gain on this sale of approximately Ps.299,985, which represented the excess of the cash and non-cash proceeds over the 50% carrying value of the net assets of this radio subsidiary at the transaction date (see Note 20).

In December 2001, the Group entered into a series of transactions with Univision Communications Inc. ("Univision") by which, among other things, the Group (i) acquired 375,000 non-voting preferred shares of Univision stock, for U.S.$375 million (Ps. 3,782,620) in cash, which converted upon the receipt of required U.S. regulatory approvals in February 2002, into 10,594,500 shares of Univision Class "A" Common Stock; (ii) received warrants (which expire in December 2017) to purchase, at an exercise price of U.S.$38.261 per share, 6,274,864 shares of Univision Class "A" Common Stock and 2,725,136 shares of Univision Class "T" Common Stock which expire in December 2017, as a consideration for surrendering certain governance rights previously held by the Group in Univision; (iii) agreed to sell its music recording business to Univision, which sale was consummated in April 2002, in exchange for 6,000,000 shares of Univision Class "A" Common Stock and warrants (which expire in December 2017) to purchase, at an exercise price of U.S.$38.261 per share, 100,000 shares of Univision Class "A" Common Stock; and (iv) amended its program license agreement to provide Univision with exclusive rights to broadcast substantially all of the Group's programming in the United States solely over the Univision, Galavision and Telefutura networks, subject to some exceptions, in exchange for increased royalties. Following the conversion of the preferred shares described above into shares of Univision common stock, the Group recognized an excess of the purchase price of U.S.$375.0 million paid by the Group over the carrying value of the Univision stock acquired of approximately U.S.$321.8 million (Ps.3,500,801). Also, in connection with the sale of the music recording business described above, the Group recognized (i) an excess of the purchase price of U.S.$233.1 million (Ps.2,556,824) assigned to the shares of Univision common stock at the transaction date over the carrying value of the Univision stock acquired of approximately U.S.$197.6 million (Ps.2,137,342); (ii) an acquisition cost of U.S.$2.0 million (Ps.21,760) for the warrants to purchase 100,000 shares of Univision common stock, as being the fair value assigned to this investment at the transaction date; and (iii) a gain on disposal of the music recording business of Ps.1,103,250, net of related costs, expenses and income taxes. Any shares of Univision common stock owned by the Group and those shares of Univision common stock that may be purchased by the Group in connection with related warrants and warrant purchase agreements are intended to be held as equity securities accounted for under the equity method (see Notes 5, 9, 12, 22 and 25).

In April 2002, after completing a series of transactions and agreements, the Group acquired a 50% interest of a live entertainment joint venture in the United States (Vivelo, Inc., formerly Cardenas-Fernandez & Associates) for an aggregate consideration of U.S.$4.0 million (Ps.39,559) in cash, subject to working capital adjustments (as defined) and additional payments to be made by the Group under certain circumstances (see Note 12). As a result, beginning the second quarter of 2002, the Group accounts for its interest in Vivelo, Inc. by applying the equity method to the results of operations and net assets of this joint venture.

In April 2002, the Group acquired an additional 50% interest in the capital stock of certain publishing distribution companies in Chile and Argentina, which were 50% owned by the Group before this acquisition, for an aggregate amount of U.S.$3.6 million (U.S.$2.7 million in cash and U.S.$0.9 million through an account payable due in April 2003), of which U.S.$3.1 million is related to the acquisition in Chile. Accordingly, beginning May 2002, these businesses became wholly-owned subsidiaries of the Company. The Group recognized related goodwill as a result of this acquisition in the amount of Ps.28,013 resulting from the excess of the purchase price over the carrying value of the related net assets of such companies.

In August 2002, the Group sold all of its 21.99% minority interest in the capital stock of Red Televisiva Megavisión, S.A. ("Megavisión"), a broadcasting television company in Chile, for an aggregate amount of U.S.$4.2 million, of which U.S.$2.1 million were paid in cash and U.S.$2.1 million in the form of a receivable due in August 2003 and collateralized with the shares of Megavisión previously owned by the Group. The Group recognized a pre-tax gain on this sale of approximately Ps.5,195, which represented the excess of the proceeds over the carrying value of the net investment in Megavisión at the transaction date.

In October 2002, the Group acquired a 40% interest in Ocesa Entretenimiento, S.A. de C.V. ("OCEN"), a subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V. ("CIE"), which owns all the assets related to CIE's live entertainment business unit in Mexico, for a gross amount of approximately U.S.$104.7 million, of which approximately U.S.$67.0 million (Ps.703,737) was paid in cash in the fourth quarter of 2002, and the remaining balance of U.S.$37.7 million (Ps.410,180) was paid in March 2003. The Group recognized goodwill as a result of this minority interest acquisition in the amount of Ps.719,006 resulting from the excess of the purchase price over the estimated carrying value of the related net assets of OCEN. Under this agreement, the purchase price of this acquisition is subject to be adjusted based on a formula of EBITDA generated by OCEN (as defined) in a three-year period which will end on December 31, 2005. In the first quarter of 2003, the Group made an additional capital contribution to OCEN related to its 40% interest in this company for the amount of Ps.53,415 (see Notes 5 and 17).

During 2002, the Group sold certain non-strategic businesses of the television broadcasting and publishing segments for an aggregate amount of Ps.9,062 , which included a sale transaction with a Company's director for an amount of Ps.1,825, and recognized in other expense a pre-tax loss in disposition of these businesses of Ps.31,864 (see Note 20).

During 2003, the Group disposed its 10% minority interest in the capital stock of DTS Distribuidora de Televisión Digital, S.A. ("Via Digital"), a DTH venture in Spain. The disposal was effected by the Group through the sale of a portion of its interest in Vía Digital with cash proceeds of approximately 27.5 million euros (Ps.397,078) and the exchange of its remaining investment in this venture for a diminimus interest in Sogecable S.A., a public pay television company in Spain. As a result of these transactions, the Group recognized a pre-tax gain of approximately 30.8 million euros (Ps.445,824), which represented the excess of the cash and non-cash proceeds over the carrying value of the Group's net investment in Via Digital at the transaction dates. (see Note 20).

In May 2003, the Company made initial capital contributions of U.S.$2.5 million (Ps.26,798) to TuTv, LLC, a 50% joint venture with Univision engaged in the distribution of the Company´s Spanish-speaking programming packages in the United States.

In June 2003, the Company completed the acquisition of all the outstanding equity of Telespecialidades, S.A. de C.V. ("Telespecialidades"), a company which was owned by all of the shareholders of Grupo Televicentro, S.A. de C.V. ("Televicentro"), the Group's controlling company. The total consideration paid in the third quarter of 2003 in connection with this acquisition was for the equivalent of U.S.$83 million (Ps.893,698), which was financed with cash on hand. At the time of acquisition, Telespecialidades net assets consisted principally of 4,773,849 shares of the Company's capital stock in the form of 1,591,283 CPOs, which securities were previously owned by Televicentro, and tax loss carryforwards for approximately Ps.6,713,683. Beginning June 30, 2003, the Group recognizes the Company's shares owned by Telespecialidades as a share repurchase.

3. Trade notes and accounts receivable

Trade notes and accounts receivable as of December 31, 2002 and 2003, consisted of:

		2002		2003
Non-interest bearing notes received as customer deposits and advances	Ps.	7,443,024	Ps.	8,042,676
Accounts receivable, including value-added tax receivables related to advertising services		3,148,858		3,334,883
Allowance for doubtful accounts		(711,982)		(774,505)
	Ps.	9,879,900	Ps.	10,603,054

4. Transmission rights and programming

At December 31, 2002 and 2003, transmission rights and programming consisted of:

		2002		2003
Transmission rights	Ps.	3,971,213	Ps.	4,151,298
Programming		4,614,690		4,054,370
		8,585,903		8,205,668
Non-current portion of :				
Transmission rights		1,956,079		2,120,747
Programming		3,073,722		2,549,831
		5,029,801		4,670,578
Current portion of transmission rights and programming	Ps.	3,556,102	Ps.	3,535,090

5. Investments

At December 31, 2002 and 2003, the Group had the following investments:

		2002		2003	Ownership % as of December 31, 2003
Accounted for by the equity method:					
Univision (1)	Ps.	2,196,736	Ps.	5,318,436	9.4%
OCEN (see Note 2)		417,113		457,697	40.0%
DTH TechCo Partners (2)		182,388		36,095	30.0%
Other		171,839		175,940	
		2,968,076		5,988,168	
Other investments:					
Deposits in escrow (3)		163,202		148,658	
DTH TechCo Partners (2)		-		86,125	
Univision (1)		21,760		21,760	
Other		665		77,069	
		185,627		333,612	
	Ps.	3,153,703	Ps.	6,321,780	

(1) The Group accounts for this investment under the equity method due to the Group's continued ability to exercise significant influence over Univision's operations. As of December 31, 2002 and 2003, the Group owned 13,593,034 shares Class "T" and 16,594,500 shares Class "A" of common stock of Univision, as well as warrants to acquire 2,727,136 shares Class "T" and 6,374,864 shares Class "A" of common stock of Univision (see Note 2). Substantially all of these warrants can be exercised at a price of U.S.$38.261 per share, and expire in December 2017. In 2002, the Group recognized the acquisition cost of 100,000 warrants for an amount of Ps.21,760 as other investments since the shares that may be purchased through these instruments are intended to beheld by the Group as an equity investment in Univision (see Notes 2 and 9). In September 2003, Univision and Hispanic Broadcasting Corporation ("HBC"), a leading Spanish-language radio group in the United States, completed a proposed merger of their businesses following the approval of the U.S. Federal Communications Commission. As a result of this merger, the Group (i) decreased its ownership in Univision from approximately 14.7% to 10.9% on a fully diluted basis; and (ii) increased the carrying value of its investment in Univision by recognizing a net other comprehensive income of approximately U.S.$250.6 million (Ps.2,812,927) in the fourth quarter of 2003 (see note 15). The Group's ownership stake in Univision as of December 31, 2003, was approximately of 10.7% on a fully diluted basis.

(2) General partnership engaged in providing technical services to DTH ventures in Latin America. During 2003, the Group provided funding to DTH TechCo Partners ("TechCo") for approximately U.S.$7.5 million (Ps.84,284) in the form of long-term notes with principal and interest maturities in 2008, bearing annual interest rate of LIBOR plus 2.5%. As of December 31, 2003, promissory notes and accrued interest receivable due from TechCo were of approximately U.S$7.7 million (Ps.86,125).

(3) In connection with the disposal of a Group's investment in 1997, the Group granted collateral to secure certain indemnification obligations which consisted, at December 31, 2002 and 2003, of short-term securities of approximately U.S.$15.0 million (Ps.163,202) and U.S.$13.2 million (Ps.148,658), respectively. After the expiration of applicable tax statutes of limitations, the collateral will be reduced to diminimus. The collateral agreement will terminate in approximately four years (see Note 12).

In 2001, 2002 and 2003, the Group recognized in the consolidated statements of income equity in losses (earnings) of affiliates of Ps.573,816, Ps.1,201,779 and (Ps.28,288), respectively, and in the consolidated other comprehensive income or loss (see Note 15), equity in the loss (gain) from holding non-monetary assets of affiliates of Ps.1,422, Ps.16 and (Ps.63), respectively, equity in the translation loss (gain) effect of affiliates of Ps.198,227, Ps.111,223 and (Ps.154,679), respectively, and in 2002 and 2003, equity in the gain on issuance of shares of associates of Ps.509,434 and Ps. 2,883,214 respectively.

6. Property, plant and equipment

Property, plant and equipment as of December 31, 2002 and 2003, consists of:

		2002		2003
Buildings	Ps.	6,779,204	Ps.	7,160,757
Building improvements		1,769,044		1,634,628
Technical equipment		10,124,891		11,399,328
Furniture and fixtures		539,479		562,691
Transportation equipment		986,790		1,084,767
Computer equipment		819,922		916,240
		21,019,330		22,758,411
Accumulated depreciation		(9,666,143)		(11,306,059)
		11,353,187		11,452,352
Land		3,594,734		3,534,492
Construction in progress		1,005,424		613,854
	Ps.	15,953,345	Ps.	15,600,698

At December 31, 2002 and 2003, the Group's Mexican subsidiaries had technical equipment, transportation equipment and computer equipment of non-Mexican origin totaling Ps.2,746,581 and Ps.2,926,794, respectively, net of accumulated depreciation (see Note 1(h)).

Had the NCPI been applied to restate all of the Group's net equipment, the net balance of property, plant and equipment as of December 31, 2002 and 2003 would have been Ps.16,796,406 and Ps.16,181,850 respectively.

Depreciation charged to income in 2001, 2002 and 2003 was Ps.1,013,585, Ps.1,046,228 and Ps.1,281,436 respectively.

Included in property, plant and equipment are assets held under capital leases, net of accumulated depreciation,of Ps.87,090 and Ps.6,892 as of December 31, 2002 and 2003,

7. Goodwill and other intangible assets - net

The balances of goodwill and other intangible assets as of December 31, 2002 and 2003, were as follows (see Note 1(i)):

		Net carrying amount as of December 31, 2002		Gross carrying amount		Accumulated amortization and write-off		Net carrying amount as of December 31, 2003
Goodwill	Ps.	7,861,336	Ps.	9,521,017	Ps.	(1,953,030)	Ps.	7,567,987
Trademark		421,639		600,571		(156,097)		444,474
Television network concession		554,395		1,160,425		(606,030)		554,395
Licenses and software		404,257		942,350		(594,894)		347,456
Internet		138,054		467,663		(467,663)		-
Deferred financing costs		171,611		291,402		(149, 631)		141,771
Other		143,389		198,816		(54,741)		144,075
	Ps.	9,694,681	Ps.	13,182,244	Ps.	(3,982,086)	Ps.	9,200,158

Amortization of other intangible assets charged to income in 2001, 2002 and 2003, was Ps.534,798, Ps.550,422 and Ps.416,397, respectively, of which Ps.62,731, Ps.48,631 and Ps.2,524, respectively, were recorded as other costs and expenses, (see Note 20), Ps.44,325, Ps.33,626 and Ps.30,494, respectively, were recorded as interest expense (see Note 18), and Ps.33,444 and Ps.7,060 in 2001 and 2002, respectively, were recorded as non-recurring charges in connection with the extinguishment of long-term debt (see Note 19).

The changes in the net carrying amount of goodwill for the year ended December 31, 2003, were follows:

	Balance as of December 31, 2002	Foreign currency translation adjustments	Amortization of goodwill	Allocated (adjusted) goodwill	Write-off of goodwill	Balance as of December 31, 2003
Consolidated subsidiaries:						
Television broadcasting	Ps. 1,264,106	Ps. -	Ps. (86,495)	Ps. -	Ps. -	Ps. 1,177,611
Publishing distribution	274,390	12,807	(30,500)	-	(88,805)	167,892
Other businesses	38,099	-	(3,532)	-	(1,150)	33,417
Equity-method investees	6,284,741	294,527	(340,164)	(26,053)	(23,984)	6,189,067
	Ps. 7,861,336	Ps. 307,334	Ps. (460,691)	Ps. (26,053)	Ps. (113,939)	Ps. 7,567,987

Amortization of goodwill in 2001, 2002 and 2003 was Ps.210,672, Ps.455,214 and Ps.460,691, respectively, which was recorded in other expense, (see Note 20).

In 2001, 2002 and 2003, a write-off of unamortized goodwill for the amount of Ps.231,567, Ps.1,109,117 and Ps.113,939, respectively, was recognized in connection with the recoverability evaluation of certain long-lived assets of the Group (see Note 20). In 2002, the write-off of unamortized goodwill was primarily related to the operations of a television broadcasting subsidiary in San Diego and the Group's investment in Argos (see Note 2).

8. Debt

As of December 31, 2002 and 2003, debt outstanding was as follows:

	2002	2003
U.S. dollars:		
11.375% Series "A" Senior Notes due 2003	Ps. 749,062	Ps. -
11.875% Series "B" Senior Notes due 2006 (1) (5)	58,132	59,975
8.625% Senior Notes due 2005 (2) (5) (6)	2,176,020	2,245,000
8% Senior Notes due 2011 (3) (5) (6)	3,264,030	3,367,500
8.50% Senior Notes due 2032 (4) (5) (6)	3,264,030	3,367,500
U.S.$100 million syndicated term loan (7)	1,088,010	1,122,500
Other, including capital leases (8)	113,802	91,836
	10,713,086	10,254,311
Mexican pesos:		
UDI-denominated Notes due 2007 (9)	3,642,526	3,640,302
Ps.800 million term loan (10)	-	800,000
Bank loans (11)	535,856	293,010
	4,178,382	4,733,312
Other currency debt (12)	273,603	1,792
Total debt	15,165,071	14,989,415
Less: long-term maturities	13,875,887	14,704,222
Current portion of long-term debt	Ps. 1,289,184	Ps. 285,193

(1) These securities are unsecured, unsubordinated obligations of the Company, rank pari passu in right of payment with all existing and future unsecured, unsubordinated obligations of the Company, and are senior in right of payment to all future subordinated indebtedness of the Company, and are effectively subordinated to all existing and future liabilities of the Company's subsidiaries. Interest on the Series "B" Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 12.49% per annum, and is payable semi-annually.

(2) Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.07% per annum, and is payable semi-annually.

(3) In the third quarter of 2001, the Company issued these Senior Notes, which were priced at 98.793% for a yield to maturity of 8.179%. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41% per annum, and is payable semi-annually.

(4) In the first quarter of 2002, the Company issued these Senior Notes, which were priced at 99.431% for a yield to maturity of 8.553%. A portion of the net proceeds of this offering were used to repay all of the amounts then outstanding under a U.S.$276 million (Ps.2,784,009) bridge loan facility with an original maturity in December 2002. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.94% per annum, and is payable semi-annually.

(5) These Senior Notes may not be redeemed prior to maturity, except in the event of certain changes in law affecting the Mexican withholding tax treatment of certain payments on the securities, in which case the securities will be redeemable, as a whole but not in part, at the option of the Company.

(6) These Senior Notes are unsecured obligations of the Company, rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of the Company, and are junior in right of payment to all of the existing and future liabilities of the Company's subsidiaries. The agreement of these Senior Notes contains certain covenants that limit the ability of the Company and its restricted subsidiaries engaged in television broadcasting, programming for pay television and programming licensing, to incur or assume liens, perform sale and leaseback transactions, and consummate certain mergers, consolidations and similar transactions. Substantially all of these Senior Notes are registered with the U.S. Securities and Exchange Commission.

(7) In the third quarter of 2001, the Company refinanced all of the amounts outstanding under a syndicated term loan agreement for the amount of U.S.$400 million. This refinancing was made through a combination of the net proceeds from the issuance of U.S.$300 million Senior Notes due 2011 described above and, in December 2001, a U.S.$100 million syndicated term loan with international commercial banks. Amounts outstanding under this U.S.$100 million term loan are payable in four consecutive semi-annual installments beginning in June 2005 and ending in December 2006 (the first two installments of U.S.$20 million each and the last two installments of U.S.$30 million each), and bear an annual interest rate of LIBOR plus 0.875% for the first three years and 1.125% for the last two years (excluding the effect of the related Mexican withholding tax). Under the terms of this credit agreement, the Company and its restricted subsidiaries engaged in television broadcasting, programming for pay television and programming licensing are required to maintain (a) certain financial coverage ratios related to indebtedness, interest expense and stockholders' equity; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, capital expenditures or investments and liens.

(8) Includes notes payable to banks, bearing annual interest rates which vary between 0.35 and 6.38 points above LIBOR. The maturities of this debt at December 31, 2003 are various from 2004 to 2010.

(9) Notes denominated in Mexican Investment Units ("Unidades de Inversión" or "UDIs"), representing 1,086,007,800 UDIs, with an annual interest rate of 8.15% and maturity in 2007. Interest on these notes is payable semi-annually. The balance as of December 31, 2002 and 2003 includes restatement of Ps.523,231 and Ps.640,302, respectively. The UDI value as of December 31, 2003, was of Ps.3.352003 per one UDI.

(10) In May, 2003, the Company entered into a long-term credit agreement with a Mexican bank for an aggregate amount of Ps.800,000, bearing an average annual interest rate of 8.925% plus additional basis points from 0 to 45 based on the maintenance of certain financial coverage ratios related to indebtedness, and payable on a 28-day basis. This indebtednnes has two semiannual maturities of Ps.40,000 each in 2004, two semiannual maturities of Ps.120,000 each in 2006 and two quarterly maturities of Ps.240,000 each in 2008. The net proceeds of this long-term loan were primarily used to pay amounts outstanding under the Series "A" Senior Notes which matured in May 2003. Under the terms of this credit agreement, the Company and certain restricted subsidiaries are required to maintain certain financial coverage ratios and are subject to certain restrictive covenants similar to the ratios and covenants under the Company´s U.S.$100 million syndicated term loan described above.

(11) It includes a long-term loan payable to a Mexican bank with outstanding balances of Ps.277,715 and Ps.114,469 at December 31, 2002 and 2003, respectively, with equal quarterly installments ending July 2004, and bearing an annual interest rate of the Mexican interbank rate plus 45 basis points, payable on a monthly basis. The terms of this loan include certain financial ratios and covenants to be complied with by the Company and certain restricted subsidiaries similar to the covenants and financial ratios under the Company's U.S.$100 million term loan facility described above. The 2002 balance also includes a long-term loan of Ps.232,907 granted by a commercial Mexican bank in 2001 to refinance the redemption of the Company's Senior Discount Debentures then outstanding, with principal and interest thereof payable on a quarterly basis through May 2006, and annual interest rate equal to the Mexican interbank rate plus 30 basis points. The terms of this loan include certain financial ratios and covenants. The maturities of these loans at December 31, 2003 are various from 2004 to 2008.

(12) Included at December 31, 2002, a long-term loan for approximately 23.6 million Euros (Ps.269,695), with an annual interest rate of EURIBOR plus 0.80% payable on a quarterly basis. This loan was fully paid out in April 2003.

In February 2000, the Company entered into arrangements under which it may issue unsecured short-term debt up to U.S.$200 million as a part of a Euro-Commercial Paper Program. As of December 31, 2003, no debt had been incurred by the Company under this program.

Maturities of debt

Debt maturities for the years subsequent to December 31, 2003, excluding capital lease obligations, are as follows:

2004	Ps.	276,553
2005		2,772,317
2006		1,017,972
2007		3,651,649
2008		486,693
Thereafter		6,763,897
	Ps.	14,969,081

Future minimum payments under capital leases for the years subsequent to December 31, 2003, are as follows:

2004	Ps.	8,640
2005		6,494
2006		5,200
Present value of net minimum payments (1)	Ps.	20,334

(1) Net of amount representing interest of Ps.3,647.

9. Financial instruments

The Group's financial instruments recorded on the balance sheet include cash, temporary investments, accounts and notes receivable, accounts payable, debt and derivative instruments. For cash, temporary investments, accounts receivable and payable, and short-term notes payable due to banks and other financial institutions, the carrying amounts approximate fair value due to the short maturity of these instruments. The fair value of the Group's long-term debt securities and foreign currency contracts are based on quoted market prices. Escrow deposits (see Note 5) bear interest at market rates and the carrying value approximates fair value. The fair value of warrants to purchase shares of Univision was based upon an option pricing model. The fair value of the long-term loans that the Group borrowed from leading Mexican banks (see Note 8) was estimated using the borrowing rates currently available to the Group for bank loans with similar terms and average maturities. The fair value of currency option, interest rate swap and share put option agreements is based on quotes obtained from financial institutions.

In connection with the Senior Notes due 2005, in the third quarter of 2002, the Company entered into currency option agreements with a financial institution on a notional amount of U.S.$100 million. Under such agreements, and subject to the exercise of the options by the parties, as well as the payment of related premiums by the Company, the parties would exchange related U.S. dollars and Mexican pesos at fixed exchange rates in October 2005. In February 2004, the Company declined to excercise these options and remains subject to pay related premiums for an aggregate amount of approximately U.S. $2.8 million in April 2004. The Company has recorded the change in fair value of these agreements in the integral cost of financing (foreign exchange gain or loss). Also, beginning in the fourth quarter of 2002, the Company entered into option agreements to exchange interest rates with a financial institution on a notional amount of U.S.$200 million, and received premiums in cash for an amount of approximately U.S.$3.4 million. The Company has recorded the change in fair value of these agreements together with the amortization of related premiums in the integral cost of financing (interest expense). During 2003, the financial institution declined to exercise these options and the Company recognized the benefit of unamortized premiums. In February 2004, the financial institution exercised the options and the Company entered into swap transactions to exchange interest rates of the Senior Notes due 2005.

In connection with the Senior Notes due 2011, in the fourth quarter of 2002, the Company entered into an interest rate swap agreement with a financial institution on a notional amount of U.S.$100 million. This agreement involved the exchange of amounts based on a fixed interest rate for amounts based on variable interest rates over the life of the agreement, without an exchange of the notional amount upon which the payments are based. The Company has recorded the change in fair value of this agreement in the integral cost of financing (interest expense). In June 2003, the Company decided to unwind this agreement and received an amount in cash of approximately U.S. $4.6 million, which was recognized as a benefit from this transaction.

In the third quarter of 2002 and the first quarter of 2003, the Company entered into agreements to sell share put options to financial institutions, and received premiums in cash for an aggregate amount of approximately U.S.$2.2 million. Under these agreements and depending on market conditions the Company had a remaining potential obligation to purchase shares of the Company's common stock. In the second and third quarters of 2003, the financial institutions declined to exercise these options and the Company recognized the benefit of the premiums received under these agreements. The Company recorded the change in fair value of these agreements together with related premiums, in other income or expense.

The estimated fair values of the Group's financial instruments at December 31, 2002 and 2003 were as follows:

		2002				2003		
		Carrying Value		Fair Value		Carrying Value		Fair Value
Assets:								
Univision warrants (see Note 5)	Ps.	21,760	Ps.	1,228,701	Ps.	21,760	Ps.	2,072,573
Liabilities:								
Senior Notes due 2005, 2011 and 2032		8,704,081		8,765,880		8,980,000		9,938,559
Other long-term debt securities		807,194		836,881		59,975		68,338
UDI-denominated long-term securities		3,642,526		3,914,620		3,640,302		4,120,285
Long-term notes payable to Mexican banks		510,622		510,622		800,000		844,313
U.S.$100 million term loan		1,088,010		1,088,010		1,122,500		1,034,114
Derivative financial instruments:								
Assets:								
Interest rate swaps		1,148		1,148		–		–
Share put options		4,674		4,674		–		–
Liabilities:								
Foreign currency options		3,247		3,247		22,155		22,155
Interest rate swaps		–		–		8,946		8,946

10. DTH joint venture provisions

DTH joint venture provisions as of December 31, 2002 and 2003 resulted from the Group's investments in Innova, S. de R.L. de C.V. ("Innova") and Sky Multi-Country Partners ("SMCP"), and the equity in losses of these joint ventures recognized by the Group in excess of such investments and up to the amount of the guarantees made by the Group in connection with certain capital lease obligations of Innova and SMCP (see Notes 1 (g) and 12), are as follows:

		2002		2003
Innova (1)	Ps.	886,912	Ps.	881,036
SMCP (2)		823,753		412,968
	Ps.	1,710,665	Ps.	1,294,004

(1) Joint venture engaged in providing DTH broadcast satellite pay television services in Mexico, in which the Group has a 60% non-consolidated interest. The concession granted by the Mexican Federal Government for operating this joint venture expires in 2026. The Group's liability position in Innova as of December 31, 2002, was net of long-term notes and interest receivable due from Innova of approximately U.S.$222.9 million (Ps.2,424,829), with principal and interest maturities between 2008 and 2012, bearing annual interest rate of 9.0%. Long-term loans provided to Innova by the Group in 2001 and 2002 amounted to approximately U.S.$79.7 million (Ps.866,927) and U.S.$17.7 million (Ps.192,578), respectively. In September 2003, the Group capitalized the long-term notes and interest receivable from Innova related to its 60% interest in this joint venture for an aggregate amount of U.S.$234.5 million (Ps.2,602,770).

(2) General partnership engaged in providing DTH broadcast satellite pay television services in Latin America outside of Mexico and Brazil, in which the Group has a 30% interest. The Group's liability position in SMCP as of December 31, 2003, was net of long-term receivables due from SMCP of approximately U.S.$13.1 million (Ps.147,512), in connection with loans provided to SMCP by the Group in 2003. Capital contributions made to SMCP by the Group in 2001 and 2002 amounted to U.S.$36.2 million (Ps.374,592) and U.S.$14.8 million (Ps.161,080), respectively. In 2001, News Corp. made equity contributions in this partnership on behalf of the Group of U.S.$15.0 million (Ps.151,305) (see Note 17). In the fourth quarter of 2003, a portion of the SMCP liability provision was reversed by the Group for an amount of approximately U.S.$38.9 million (Ps.436,893) in connection with the expected reduction of the SMCP lease obligation being guaranteed by the Group, resulting from a technical failure that shortened the remaining useful life of the satellite being leased by SMCP. This reversal was recognized by the Group as an equity gain in the consolidated income statement for the year ended December 31, 2003.

11. Pension plans and seniority premiums

Certain companies in the Group have collective bargaining contracts which include defined benefit pension plans for substantially all of their employees. Additionally, the Group has a defined benefit pension plan for executives. All pension benefits are based on salary and years of service rendered.

Under the provisions of the Mexican labor law, seniority premiums are payable, based on salary and years of service, to employees who resign or are terminated prior to reaching retirement age. Some companies in the Group have seniority premium benefits which are greater than the legal requirement. After retirement age, employees are no longer eligible for seniority premiums.

Pension and seniority premium amounts are actuarially determined by using real assumptions (net of inflation) and attributing the present value of all future expected benefits proportionately over each year from date of hire to age 65. The Group has used a 4% discount rate, 2% salary scale, and 5% return on assets rate for 2001, 2002 and 2003. The Group makes voluntary contributions from time to time to trusts for the pension and seniority premium plans which are generally deductible for tax purposes. No cash contributions to the trusts were made by the Group in 2001. In the fourth quarter of 2002 and 2003, the Group made a cash contribution of approximately Ps.107,144 and Ps.36,068, respectively, to its pension and seniority premium plans. Plan assets were invested in a portfolio that primarily consisted of equity and debt securities (including shares of the Company) as of December 31, 2002 and 2003. Pension and seniority premium benefits are paid when they become due.

The pension and seniority premium plan liability as of December 31, 2002 and 2003, was as follows:

		2002		2003
Actuarial present value of benefit obligations:				
Vested benefit obligations	Ps.	330,760	Ps.	334,949
Nonvested benefit obligations		466,322		370,327
Accumulated benefit obligation		797,082		705,276
Benefit attributable to projected salaries		166,486		146,612
Projected benefit obligation		963,568		851,888
Plan assets		(723,427)		(888,748)
Projected benefit obligation in excess of plan assets		240,141		(36,860)
Items to be amortized over a 15-year period:				
Transition obligation		308,509		279,616
Unrecognized prior service cost		27,607		(79,875)
Unrecognized net loss from experience differences		162,071		(46,728)
		498,187		153,013
Net projected asset		(258,046)		(189,873)
Adjustment needed to recognize minimum liability (with the recognition of an intangible asset included in other assets)		331,701		-
Balance sheet liability (asset)	Ps.	73,655	Ps.	(189,873)

The net pension and seniority premium cost for 2001, 2002 and 2003 was Ps.110,247, Ps.123,555 and Ps.123,406, respectively.

12. Commitments and contingencies

At December 31, 2003, the Group had commitments in an aggregate amount of Ps.387,044, of which Ps.169,984 related to purchase commitments to acquire television technical equipment, Ps.105,356 are construction commitments for building improvements and technical facilities, and Ps.111,704 are commitments for the aquisition of software and related services.

At December 31, 2003, the Group had commitments for making long-term loans in 2004 to its DTH ventures in Latin America, excluding Mexico, for up to U.S.$17.0 million, and capital contributions to its joint venture for distributing Spanish-speaking programming in the United States for up to U.S.$2.0 million.

In September 2001, the Company entered into a 50/50 programming joint venture with Endemol, a world leading content developer and producer for television and online platforms based in The Netherlands, to produce and develop content for television and the Internet. As of December 31, 2003, the Group has commitments to acquire from Endemol programming formats through this venture for up to U.S.$40.6 million through 2006.

The Group has granted collateral in connection with certain indemnification obligations (see Note 5), which includes a deposit of U.S.$13.2 million of short-term securities as of December 31, 2003.

In June 2003, the Company was notified by the Mexican tax authority, of a federal tax claim made against the Company for approximately Ps.960,657, including penalties and surcharges, for an alleged assets tax liability for the year 1994. The Company believes it has meritorious defense against this claim.

Furthermore, the Group has guaranteed certain financing and lease obligations of TechCo (see Note 5) for an amount of approximately U.S.$15.8 million (undiscounted).

Payments to be made by certain Mexican companies in the Group to employees in case of dismissal and under certain circumstances provided by the Mexican labor law will be expensed as incurred.

At December 31, 2003, the Group had the following aggregate minimum annual commitments for the use of satellite transponders (other than transponders for DTH television services described below):

		Thousands of U.S. dollars
2004	U.S.$	17,847
2005		17,643
2006		15,618
2007		11,326
2008 and thereafter		31,888
	U.S.$	94,322

The Group has guaranteed its 60% proportionate share of Innova's minimum commitment for use of transponders over a period ending in 2015, which is estimated to be an aggregate of approximately U.S.$143.8 million (undiscounted) as of December 31, 2003.

The Group has also guaranteed its 30% proportionate share of SMCP's minimum commitments for use of transponders over a period ending in 2008, which is estimated to be an aggregate of approximately U.S.$44.1 million (undiscounted) as of December 31, 2003.

In connection with the Group's acquisition of its 50% interest in Vivelo, Inc., (see Note 2), the Group is required, under certain circumstances, to make additional payments to the sellers of such interest of up to U.S.$1.5 million (Ps.16,838) during a three-year period which will end in April 2005.

In conjunction with the Group's disposal of its former music recording business (see Note 2), the Group may have to pay certain adjustments to Univision in connection with an audit of the music recording business by Univision, which is expected to be resolved by the parties in 2004. While the Group's management believes that the outcome of this audit will not have a material adverse effect on its financial position or future operating results, no assurance can be given in this regard.

In the fourth quarter of 2001, a former U.S. subsidiary of the Company, received final proposed adjustments in connection with U.S. Internal Revenue Service audits for fiscal periods ended in 1995, 1996 and 1997. As a result of these audits, the Group made U.S. federal and state income tax and interest payments in 2001 and 2003 of approximately U.S.$14.0 million (Ps.141,550) and U.S.$1.8 million (Ps.19,387), respectively. As of December 31, 2003, the Group has accrued Ps.44,698 representing the Group's estimate of state and other tax liabilities in connection with these matters. These matters did not have, and the Group does not expect that they will have, a material adverse effect on its financial condition or results of operations.

There are other various legal actions and other claims pending against the Group incidental to its businesses and operations. In the opinion of the Group's management, none of these proceedings will have a material adverse effect on the Group's financial position or results of operations.

13. Capital stock, stock option plan and long-term retention plan

Capital stock

At December 31, 2002, there were 9,133,043,117 shares of capital stock issued, consisting of 4,590,743,117 Series "A" Shares, 2,271,150,000 Series "L" Shares and 2,271,150,000 Series "D" Shares; and 8,848,394,374 shares of capital stock outstanding, consisting of 4,479,799,524 Series "A" Shares, 2,184,297,425 Series "L" Shares and 2,184,297,425 Series "D" Shares.

At December 31, 2003, shares of capital stock consisted of:

	Series "A" Shares	Series "L" Shares	Series "D" Shares (dividend premium shares)	Total shares
Authorized and issued	4,989,449,767	2,239,549,096	2,239,549,096	9,468,547,959
Acquired by a Company's trust	(430,307,554)	—	—	(430,307,554)
Acquired by a subsidiary of the Company	(110,939,672)	(86,848,654)	(86,848,654)	(284,636,980)
Outstanding	4,448,202,541	2,152,700,442	2,152,700,442	8,753,603,425

Series "L" Shares and Series "D" Shares have limited voting rights. At December 31, 2003, the shares of capital stock issued included 2,239,549,096 Series "A" Shares, 2,239,549,096 Series "L" Shares and 2,239,549,096 Series "D" Shares that are represented, until at least December 2008, by 2,239,549,096 Ordinary Participation Certificates ("CPOs"), each CPO representing one Series "A" Share, one Series "L" Share and one Series "D" Share. Non-Mexican holders of CPOs do not have voting rights with respect to the Series "A" and "D" Shares.

Under the Company's bylaws, the Company's Board of Directors consists of a minimum of five and a maximum of 20 members, of which the holders of Series "L" Shares and Series "D" Shares, each voting as a class, are entitled to elect two members and two members, respectively.

Holders of Series "D" Shares are entitled to receive an annual, cumulative and preferred dividend equivalent to 5% of the nominal capital attributable to those Shares (nominal Ps.0.0085443938 per share) before any dividends are payable in respect of Series "A" Shares or Series "L" Shares. Until December 10, 2003, holders of Series "D" Shares were also entitled to a premium preference consisting of annual dividends per Series "D" Share of at least 160% of any annual dividend payable per Series "A" Share and Series "L" Share, including the preferred dividend. Beginning December 10, 2003, holders of Series "A" and "L" Shares are entitled to receive the same dividends as holders of Series "D" Shares if shareholders declare dividends in addition to the preferred dividend that holders of Series "D" Shares are entitled to.

The Series "A", "L" and "D" Shares are perpetual in duration, and are not subject to be exchanged for shares of any other class of equity securities. If the Company is liquidated, Series "D" Shares are entitled to a liquidation preference equal to the nominal capital attributable to those Shares (nominal Ps.0.1708878756 per share) before any distribution is made in respect of Series "A" and Series "L" Shares.

In September 2002, in connection with the approval of the Company's shareholders on April 30, 2002 to issue additional Series "A" Shares for a Long -Term Retention Plan, which supplements the Company's existing stock option plan, in an aggregate amount of up to 4.5% of the Company's outstanding capital stock or 430,350,671 Series "A" Shares (a portion of the 8% of the Company's capital stock previously authorized by the shareholders for these plans), and in conjunction with preemptive rights exercised by certain existing holders of Series "A" Shares, the Company increased its capital stock in the amount of Ps.426 by issuing additional 43,117 Series "A" Shares (not in the form of CPOs), of which Ps.391 were recognized as additional paid-in-capital. In December 2003, the Company increased its capital stock in the amount of Ps.4,023,375 by issuing the remaining additional 430,307,554 Serie "A" shares (not in the form of CPOs), of which Ps.3,650,380 were recognized as additional paid-in capital. Following this capital stock increase, the 430,307,554 Series "A" shares were acquired by a Company's trust for the purpose of implementing the Company's Long-Term Retention Plan.

In April and December 2003, the Company's stockholders approved the cancellation of 94,802,712 shares of capital stock in the form of 31,600,904 CPOs, which were repurchased by the Company in 2000 and 2003.

At December 31, 2003, the restated tax value of the Company's common stock was Ps.19,621,859.

Stock option plan

The Company adopted a stock option plan (the "Plan") that provides, in conjunction with the long-term retention plan described below, for the grant and sale of up to 8% of the Company's capital stock to key Group management. Pursuant to this Plan, through December 31, 2003 the Company had assigned approximately 87 million CPOs at market prices, subject to certain conditions, including vesting periods within five years from the time the awards are granted. The shares sold pursuant to the Plan, which have been registered pursuant to a registration statement on Form S-8 under the Securities Act, can only be transferred to the plan participants when the conditions set forth in the Plan are satisfied. During 2003, 15 million shares of capital stock in the form of 5 million CPOs were exercised pursuant to this Plan for the amount of Ps.71,699 and transferred to the Plan participants.

Long-term retention plan

In 2003, the Company designated a trust to implement a long-term retention plan (the "Retention Plan") which supplements the Company's existing stock option plan described above, and provides for the grant and sale of the Company´s capital stock to key Group's employees. In December 2003, the designated trust acquired approximately 430.3 million Series "A" Shares (not in the form of CPOs) for the purposes of the Company´s Retention Plan. Shares assigned to employees under the Retention Plan are estimated to be vested over a period of no less than 10 years from the time the awards are granted. As of December 31, 2003, no shares under the Retention Plan had been assigned to Group employees.

14. Retained earnings

In accordance with Mexican law, the legal reserve must be increased by 5% of annual net profits until it reaches 20% of the capital stock amount. In 2002 and 2003, the Company's stockholders approved increases to the legal reserve amounting to Ps.73,947 and Ps.38,359, respectively. This reserve is not available for dividends, but may be used to reduce a deficit or may be transferred to stated capital. Other appropriations of profits require the vote of the stockholders.

As of December 31, 2002 and 2003 the Company's stockholders had approved appropriating from retained earnings a reserve amounting to Ps.6,616,401 for the repurchase of shares, at the discretion of management. As of December 31, 2002 and 2003, this reserve has been used for an amount of Ps.880,168 and Ps.1,331,426, respectively, in connection with repurchases of shares made by the Company.

In September 2002, the Company announced a share repurchase program of up to U.S.$400 million (Ps.4,352,040) over the next three years. Under the terms of the program, the Company may, at the discretion of management, acquire stock subject to legal, market and other conditions at the time of purchase. The Company started repurchasing shares in 2003, and as of December 31, 2003, 94,800,300 shares in the form of 31,600,100 CPOs had been repurchased by the Company under this program for an aggregate amount of Ps.533,431 (nominal Ps.520,187).

Unappropiated earnings as of December 31, 2002 and 2003 are comprised by (i) accumulated earnings from prior years for an amount of Ps.14,171,532 and Ps.14,328,478, respectively; (ii) cumulative charges in connection with the acquisition of shares of the Company made by subsidiaries and a trust of the Company for an amount of Ps.3,581,193 and Ps.7,216,705, respectively; and (iii) other unappropriated earnings for an amount of Ps.12,107.

In April 2003, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.571,871 (nominal Ps.550,000), which consisted of Ps.0.18936540977 (nominal) per CPO and Ps.0.05260150265 (nominal) per Series "A" Share (not in the form of a CPO), and was paid in June 2003.

Dividends, either in cash or in other forms, paid by the Mexican companies in the Group will be subject to income tax if the dividends are paid from earnings that have not been subject to Mexican income taxes computed on an individual company basis under the provisions of the Mexican Income Tax Law. In this case, dividends will be subject to a 33% income tax to be paid by the companies paying the dividends and applied to the result of multiplying the dividends paid by a factor of 1.4925.

At December 31, 2003, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.4,022,344. In addition, the payment of dividends is restricted under certain circumstances by the terms of the U.S. dollar loan facility agreement (see Note 8).

15. Comprehensive income

Comprehensive income related to the majority interest for the years ended December 31, 2001, 2002 and 2003, was as follows:

		2001		2002		2003
Net income	Ps.	1,478,936	Ps.	767,176	Ps.	3,596,603
Other comprehensive (loss) income, net:						
Foreign currency translation adjustments, net (1)		(547,605)		(142,438)		(152,850)
Result from holding non-monetary assets, net (2)		(303,776)		380,274		262,323
Gain on issuance of shares of Univision (see Note 5)		-		509,434		2,883,214
Total other comprehensive (loss) income, net		(851,381)		747,270		2,992,687
Comprehensive income	Ps.	627,555	Ps.	1,514,446	Ps.	6,589,290

(1) In 2002 and 2003 include the foreign exchange loss of Ps.826,847 and Ps. 468,989, respectively which was hedged by the Group's net investment in Univision (see Note 1(c)).

(2) Represents the difference between specific costs (net replacement cost or Specific Index) of non-monetary assets and the restatement of such assets using the NCPI, net of deferred tax benefit (provision) of Ps.177,974, (Ps.198,428) and (Ps.149,362) for the years ended December 31, 2001, 2002 and 2003, respectively.

The changes in components of accumulated other comprehensive loss for the years ended December 31, 2001, 2002 and 2003, were as follows:

	Gain on issuance of shares of associates	Accumulated monetary result	Cumulative result from holding non-monetary assets	Cumulative result from foreign currency translation	Cumulative effect of deferred taxes	Accumulated other comprehensive (loss) income
Balance at December 31, 2000	Ps. 223,590	Ps. (29,984)	Ps. (1,938,753)	Ps. (639,326)	Ps. (2,747,622)	Ps. (5,132,095)
Current year change	-	-	(303,776)	(547,605)	-	(851,381)
Balance at December 31, 2001	223,590	(29,984)	(2,242,529)	(1,186,931)	(2,747,622)	(5,983,476)
Current year change	509,434	-	380,274	(142,438)	-	747,270
Balance at December 31, 2002	733,024	(29,984)	(1,862,255)	(1,329,369)	(2,747,622)	(5,236,206)
Current year change	2,883,214	-	262,323	(152,850)	-	2,992,687
Balance at December 31, 2003	Ps. 3,616,238	Ps. (29,984)	Ps. (1,599,932)	Ps. (1,482,219)	Ps. (2,747,622)	Ps. (2,243,519)

Cumulative result from holding non-monetary assets as of December 31, 2001, 2002 and 2003 is net of a deferred income tax benefit of Ps.405,907, Ps.207,479 and Ps.58,117, respectively.

16. Minority interest

Minority interest at December 31, 2002 and 2003, consisted of:

		2002		2003
Capital stock	Ps.	1,066,981	Ps.	1,086,748
Retained earnings		479,963		415,539
Cumulative result from holding non-monetary assets		(220,580)		(232,542)
Accumulated monetary result		(4,563)		(4,601)
Cumulative effect of deferred income tax		(65,340)		(65,450)
Net income for the year		(71,570)		(121,050)
	Ps.	1,184,891	Ps.	1,078,644

17. Transactions with related parties

The principal transactions that the Group carried out with affiliated companies, including equity investees, stockholders and entities in which stockholders have an equity interest, were as follows:

		2001		2002		2003
Revenues:						
Royalties (Univision) (a)	Ps.	784,135	Ps.	809,879	Ps.	1,070,145
Soccer transmission rights (Univision)		102,872		49,158		41,958
Programming production and transmission rights (b)		296,541		300,965		307,790
Administrative services (c)		70,980		120,191		69,568
Interest income		126,892		177,673		125,955
Advertising (d)		250,372		223,262		207,490
	Ps.	1,631,792	Ps.	1,681,128	Ps.	1,822,906
Costs:						
Donations	Ps.	66,176	Ps.	57,591	Ps.	69,472
Administrative services (c)		25,281		43,109		37,336
Other		58,186		53,566		56,773
	Ps.	149,643	Ps.	154,266	Ps.	163,581

(a) The Group receives royalties from Univision for programming provided pursuant to a program license agreements, that expire in December 2017. Royalties are determined based upon a percentage of combined net sales of Univision, which was 9% in 2001, and 9% plus an incremental percentage of up to 3% over additional sales in 2002 and 2003.

(b) Services rendered to Innova in 2001 and 2002, and Innova and other affiliates in 2003.

(c) The Group receives revenue from and is charged by affiliates for various services, such as equipment rental, security and other services, at rates which are negotiated. The Group provides management services to affiliates, which reimburse the Group for the incurred payroll and related expenses.

(d) Advertising services rendered to Innova in 2001, 2002 and 2003, and to Univision in 2002 and 2003, and to OCEN in 2003.

During 2001, 2002 and 2003, a professional services firm in which a current director and two alternate directors maintain interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.13,747, Ps.9,780 and Ps.8,072, respectively.

The balances of receivables and (payables) between the Group and affiliates as of December 31, 2002 and 2003, were as follows:

		2002		2003
CIE (see Note 2)	Ps.	(437,380)	Ps.	-
Coyoacán Films, S.A. de C.V.		10,825		9,872
Editorial Clío, Libros y Videos, S.A. de C.V.		32,132		23,963
Grupo Triple C, S.A. de C.V.		30,588		29,569
Innova (see Note 10)		392,700		365,537
News Corp. (see Note 10)		(163,202)		(168,375)
OCEN (see Note 2)		-		21,462
Univision (see Note 5)		76,298		96,727
Other		61,026		63,685
	Ps.	2,987	Ps.	442,440

All significant account balances included in amounts due from affiliates bear interest. In 2001, 2002 and 2003, average interest rates of 19.55%, 14.56% and 7.07% were charged, respectively. Advances and receivables are short-term in nature; however, these accounts do not have specific due dates.

Customer deposits and advances as of December 31, 2002 and 2003 included deposits and advances from affiliates in an aggregate amount of Ps.281,110 and Ps.452,510, respectively, which were made by Univision, Innova and Editorial Clío, Libros y Videos, S.A. de C.V. as of December 31, 2002 and 2003, and CIE and OCEN as of December 31, 2003.

18. Integral cost of financing

Integral cost of financing for the years ended December 31, consisted of:

		2001		2002		2003
Interest expense (1)	Ps.	1,323,941	Ps.	1,425,677	Ps.	1,375,770
Interest income		(1,017,324)		(613,074)		(649,892)
Foreign exchange gain, net (2)		(38,825)		(219,213)		(193,355)
Loss from monetary position (3)		186,500		43,957		82,004
	Ps.	454,292	Ps.	637,347	Ps.	614,527

(1) Interest expense in 2001, 2002 and 2003 includes Ps.177,841, Ps.197,190 and Ps.139,331, respectively, derived from the restatement of the Company's UDI-denominated debt securities (see Note 8).

(2) Net foreign exchange gain in 2001, includes losses of Ps.110,494, derived from forward exchange contracts. Net foreign exchange gain in 2002 and 2003 includes a net loss from foreign currency option contracts of Ps.3,013 and Ps.17,825, respectively. Foreign exchange loss in 2002 and 2003 of Ps.826,847 and Ps.468,989, respectively, were hedged by the Group's net investment in Univision and recognized in stockholders' equity as other comprehensive loss (see Notes 1(c) and 15).

(3) The gain or loss from monetary position represents the effects of inflation, as measured by the NCPI in the case of Mexican companies, or the general inflation index of each country in the case of foreign subsidiaries, on the monetary assets and liabilities at the beginning of each month. Includes monetary loss in 2001, 2002 and 2003 of Ps.205,248, Ps.186,888 and Ps.135,642, respectively, arising from temporary differences of non-monetary items in calculating deferred income tax (see Note 21).

19. Restructuring and non-recurring charges

The restructuring charges in 2001, 2002 and 2003 consisted principally of severance costs in connection with employees who were terminated. All associated costs have been expensed as incurred.

In 2001, the Company early extinguished a significant amount of its long-term debt outstanding (see Note 8), and recognized related premiums, consent fees, unamortized financing costs (see Note 7) and other expenses of Ps.63,126 as non-recurring charges in the consolidated income statements.

In 2002, the Company recognized a non-recurring charge of Ps.338,322 taken in connection with the write-off of exclusive rights letters for soccer players, as well as a Ps.169,930 non-recurring charge related to the drawdown by DirecTV under a letter of credit posted by the Company in connection with certain arrangements between DirecTV and the Company to broadcast the 2002 World Cup, which amount is in dispute by the parties.

In 2003, the Company recognized a non-recurring charge of Ps.284,200 taken in connection with the payment of vested and non-vested salary benefits to certain Group's union employees, as a part of the Company's continuing cost-cutting efforts, as well as a non-recurring charge of Ps.164,576 taken in connection with an estimate for the disposal of certain long-lived assets and associated costs related to the Group's nationwide paging business based on the evaluation of the recoverability of the assets.

20. Other expense - net

Other (income) expense is analyzed as follows:

		2001		2002		2003
(Gain) loss on disposition of investments, net (see Note 2)	Ps.	(306,335)	Ps.	37,610	Ps.	(444,155)
Amortization of goodwill (see Note 7)		210,672		455,214		460,691
Costs incurred in DTH investments (1)		30,080		30,080		-
Provision for doubtful non-trade accounts and write-off of other receivables		191,664		69,096		10,630
Write-off of goodwill (see Notes 2 and 7)		231,567		1,109,117		113,939
Donations (see Note 17)		130,587		117,978		161,903
Financial advisory and professional services (2)		109,684		110,257		51,320
Loss on disposition of fixed assets		100,407		138,088		212,497
Penalties and surcharges		-		72,546		-
Uncredited foreign income tax		-		48,089		-
Miscellaneous other expense (income) - net		23,776		30,863		(23,569)
	Ps.	722,102	Ps.	2,218,938	Ps.	543,256

(1) In 2001 and 2002, these costs included the amortization of DTH development costs of Ps.30,080 for each year.

(2) Includes financial advisory services in connection with contemplated dispositions and strategic planning projects and professional services in connection with certain litigation and other matters (see Notes 2, 12 and 17).

21. Income tax, asset tax and employees' profit sharing

The Company is authorized by the Mexican tax authorities to compute its income tax and assets tax on a consolidated basis. Mexican controlling companies are allowed to consolidate, for income tax purposes, income or losses of their Mexican subsidiaries up to 60% of their share ownership in such subsidiaries. The assets tax is computed on a fully consolidated basis.

The Mexican corporate income tax rate in 2001 and 2002 was 35%, and in 2003 was 34%. In accordance with the Mexican Income Tax Law, the corporate income tax rate applicable to Mexican companies will be gradually reduced annually by 1% effective 2003 until it reaches 32% in 2005. Consequently, the effect of this gradual decrease in the income tax rate reduced the Group's deferred income tax liability in 2002 and 2003.

In 2001, companies were allowed to pay the income tax liability computed at a 30% rate with the remaining 5% of the liability due when the taxable income of the year is distributed to shareholders. Effective 2002, this option is no longer allowed. At December 31, 2003, the amount of payments deferred of this provision of the income tax law totaled Ps.64,817.

The income tax provision for the years ended December 31, 2001, 2002 and 2003, was comprised as follows:

		2001		2002		2003
Income tax and assets tax - current	Ps.	756,203	Ps.	934,340	Ps.	1,046,027
Income tax and assets tax - deferred		(185,673)		(627,349)		(332,068)
	Ps.	570,530	Ps.	306,991	Ps.	713,959

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The following items represent the principal differences between income taxes computed at the statutory rate and the Group's provision for income tax and the assets tax.

	%		
	2001	2002	2003
Tax at the statutory rate on income before provisions	35	35	34
Differences in restatement (a)	(5)	7	2
Hedge	—	(26)	(3)
Non-deductible items	2	7	4
Special tax consolidation items	9	2	(1)
Unconsolidated income tax	(30)	38	6
Minority interest	9	(2)	11
Excess in tax provision of prior years	(4)	(17)	4
Changes in valuation allowances:			
Goodwill	2	42	—
Assets tax	1	(7)	6
Tax loss carryforwards	—	26	—
Effect of change in income tax rates	—	(25)	4
Foreign operations	3	(51)	(18)
Discontinued operations	(3)	(1)	—
Cumulative effect of accounting change	2	—	—
Use of unconsolidated tax loss carryforwards (b)	—	—	(32)
Provision for income tax and the assets tax	21	28	17

(a) This amount represents the effect of using different methods of calculating inflation adjustments for tax purposes and book purposes, which includes the net effect of differences between tax and accounting practices in calculating the inflation effects of customer deposits, interest expense and interest income.

(b) This amount represents the effect of the use of tax loss carryforwards arising from the acquisition of Telespecialidades in June 2003 (see Note 2).

The Group has tax loss carryforwards at December 31, 2003, as follows:

		Amount	Expiration
Operating tax loss carryforwards:			
Consolidated	Ps.	1,678,085	2013
Unconsolidated:			
Mexican subsidiaries (1)		56,615	From 2004 to 2013
Non-Mexican subsidiaries (2)		1,114,497	From 2004 to 2023
		2,849,197	
Capital tax loss carryforwards:			
Unconsolidated Mexican subsidiary (3)		370,326	From 2009 to 2013
	Ps.	3,219,523	

(1) During 2001, 2002 and 2003, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.557,207, Ps.1,089,980 and Ps.6,415,855, respectively.

(2) Approximately the equivalent of U.S.$99.3 million for subsidiaries in Spain, South America and the United States.

(3) These carryforwards can only be used in connection with capital gains to be generated by such subsidiary.

The assets tax rate is 1.8%. The assets tax paid in excess of the income tax in the previous ten years can be credited in future years if the amount of the income tax in subsequent years is in excess of the assets tax. As of December 31, 2003, the Company had Ps.1,794,261 of assets tax subject to be credited and expiring between 2007 and 2013.

The Mexican companies in the Group are required by law to pay employees, in addition to their agreed compensation and benefits, employee profit sharing at the statutory rate of 10% based on their respective taxable incomes (calculated without reference to inflation adjustments and tax loss carryforwards).

The deferred taxes as of December 31, 2002 and 2003, were principally derived from the following temporary differences:

		2002		2003
Assets:				
Accrued liabilities	Ps.	634,673	Ps.	503,173
Goodwill		871,298		833,197
Tax loss carryforwards		297,137		856,810
Allowance for doubtful accounts		292,781		353,603
Customer advances		1,236,244		1,452,949
Liabilities:				
Inventories		(1,859,448)		(1,267,319)
Property, plant and equipment - net		(1,166,256)		(1,229,717)
Other items		(527,417)		(399,955)
Innova		(1,370,199)		(1,579,306)
Deferred-income taxes of Mexican companies		(1,591,187)		(476,565)
Deferred tax of foreign subsidiaries		(370,439)		(374,133)
Assets tax		1,606,547		1,855,702
Valuation allowances		(2,041,411)		(2,248,239)
Deferred income tax liability		(2,396,490)		(1,243,235)
Effect on change of income tax rates		279,674		88,779
Deferred tax liability - net	Ps.	(2,116,816)	Ps.	(1,154,456)

The change in the deferred income tax liability for the years ended December 31, 2001, 2002 and 2003, representing a charge (credit) Ps.251,328, (Ps.213,200) and Ps.962,360, respectively, was recorded against the following accounts:

		2001		2002		2003
Credits to the gain from monetary position	Ps.	89,212	Ps.	102,668	Ps.	80,956
Credits (charges) to the result from holding non-monetary assets		177,974		(198,428)		(149,362)
(Charges) credits to the provision for deferred income tax		(19,575)		440,461		196,426
Credits (charges) to the discontinued operations		3,717		(557,901)		30,191
Acquisition of Telespecialidades (see Note 2)		-		-		804,149
	Ps.	251,328	Ps.	(213,200)	Ps.	962,360

Additionally, the provision for deferred income tax for the years ended December 31, 2001, 2002 and 2003 was credited by Ps.205,248, Ps.186,888 and Ps.135,642, respectively, representing the effect on restatement of the non-monetary items included in the deferred tax calculation, which was originally accounted for in the result from monetary position and then reclassified to the provision for deferred income tax (see Note 18). Consequently, the provision for deferred tax for the years ended December 31, 2001, 2002 and 2003, was a benefit of Ps.185,673, Ps.627,349 and Ps.332,068, respectively.

22. Discontinued operations

In December 2001, in connection with a series of transactions the Group reached an agreement with Univision to sell its music recording business in the United States and Latin America, which sale was consummated in April 2002 (see Note 2). Accordingly, the results of operations of the music recording business are reported as discontinued operations for all periods presented in these consolidated financial statements.

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Discontinued operations of the music recording segment are presented as follows:

		2001		2002		2003
Income from music recording operations	Ps.	14,622	Ps.	1,760	Ps.	—
Gain (loss) on disposal of music recording operations, net of an income tax provision of Ps. 557,902 and an income tax benefit of Ps.30,191 for the year ended December 31, 2002 and 2003, respectively (1)		—		1,103,250		(64,157)
	Ps.	14,622	Ps.	1,105,010	Ps.	(64,157)

(1) In 2002, the costs and expenses related to the disposal of the Group's music recording operations, amounted to approximately Ps.895,672, which included fees of Ps.89,577 for financial advisory services provided to the Group by a professional services firm in which a current director of the Company maintains an interest, and advertising time for an aggregate amount of Ps.163,202 rendered and to be provided to Univision by the Group in a three-year period following this disposal (see Note 17). In 2003, the Group incurred in additional costs and expenses related to this disposal for an amount of approximately Ps.94,348.

Summarized information on results of the discontinued music recording operations for the year ended December 31, 2001, and for the period from January 1, 2002 through the closing date in March 2002, is as follows:

		2001		2002
Net sales	Ps.	1,086,022	Ps.	215,583
Cost of sales		804,399		157,414
Operating expenses		184,422		37,484
Depreciation and amortization		4,394		800
Operating income		92,807		19,885
Income before income tax		78,138		12,315
Income taxes		63,516		10,555
Net income from discontinued operations		14,622		1,760

The results of the music recording segment reflected revenues, costs and expenses related to the production and distribution (in Mexico and abroad) of cassettes, compact disc recordings and records of Mexican and Latin American artists, principally under three record labels which were wholly-owned by the Group. Music recording segment revenues were derived primarily from sales of recorded music and royalty revenues from the licensing of recordings to third parties.

23. Earnings per CPO/Share

During the years ended December 31, 2001, 2002 and 2003, the weighted average of outstanding shares, CPOs and Series "A" Shares (not in the form of CPO units) was as follows:

	2001	2002	2003
Shares	8,877,087,751	8,853,846,396	8,794,461,912
CPOs	2,193,876,256	2,186,138,824	2,166,319,938
Series "A" Shares (not in the form of CPO units)	2,295,458,982	2,295,458,982	2,295,502,099

Earnings (loss) per CPO and per Series "A" Share (not in the form of a CPO unit) for the years ended December 31, 2001, 2002 and 2003, are presented as follows:

	2001		2002		2003	
	Per CPO	Per Series "A" Share	Per CPO	Per Series "A" Share	Per CPO	Per Series "A" Share
Continuing operations	Ps. 0.54	Ps. 0.18	Ps. (0.12)	Ps. (0.04)	Ps. 1.23	Ps. 0.41
Discontinued operations	—	—	0.36	0.12	—	—
Cumulative loss effect of accounting change	(0.03)	(0.01)	—	—	—	—
Net income	Ps. 0.51	Ps. 0.17	Ps. 0.24	Ps. 0.08	Ps. 1.23	Ps. 0.41

24. Foreign currency position

The foreign currency position of monetary items of the Group at December 31, 2003, was as follows:

	Foreign currency amounts	Year-end exchange rate	Mexican pesos
	(thousands)		
Assets:			
U.S. dollars	415,988	Ps. 11.2250	Ps. 4,669,465
Euros	2,860	14.2500	40,755
Chilean pesos	9,093,212	0.0189	171,862
Colombian pesos	24,034,000	0.0040	96,136
Other currencies	16,423	—	33,093
Liabilities:			
U.S. dollars (1)	1,133,732	Ps. 11.2250	Ps. 12,726,142
Euros	708	14.2500	10,089
Chilean pesos	8,931,500	0.0189	168,805
Colombian pesos	18,964,495	0.0040	75,858
Other currencies	7,883	—	42,474

(1) Includes U.S.$600 million (Ps.6,735,000) of long-term securities being hedged by the Group's net investment in Univision (see Note 1(c)).

The foreign currency position of non-monetary items as of December 31, 2003, was as follows:

	Foreign currency amounts		Year-end exchange rate		Mexican pesos (1)
	(thousands)				
Property, plant and equipment:					
U.S. dollars	156,731	Ps.	11.2250	Ps.	1,759,305
Japanese yen	4,480,979		0.1070		479,465
Euros	16,341		14.2500		232,859
Colombian pesos	7,951,415		0.0040		31,806
Pounds sterling	1,214		20.3200		24,668
Other currencies	467,071		—		40,289
Transmission rights and programming:					
U.S. dollars	352,772	Ps.	11.2250	Ps.	3,959,866
Colombian pesos	6,008,388		0.0040		24,034
Chilean pesos	3,779,229		0.0189		71,427
Peruvian nuevo sol	3,026		3.2404		9,805
Other currencies	2,037		—		12,362

(1) Amounts translated at the year-end exchange rates for reference purposes only; does not indicate the actual amounts accounted for in the financial statements.

Transactions incurred during 2003 in foreign currencies were as follows:

		U.S. dollar		U.S. dollar equivalent of other foreign currency transactions		Total U.S. Dollar		Mexican pesos (1)
		(thousands)		(thousands)		(thousands)		
Income:								
Revenues	$	287,455	$	126,768	$	414,223	Ps.	4,649,653
Other income		16,276		41,408		57,684		647,503
Interest income		18,883		602		19,485		218,719
	$	322,614	$	168,778	$	491,392	Ps.	5,515,875
Purchases, costs and expenses:								
Purchases of inventories	$	161,876	$	9,547	$	171,423	Ps.	1,924,223
Purchases of property and equipment		12,670		2,728		15,398		172,843
Investments		27,979		—		27,979		314,064
Costs and expenses		200,952		134,863		335,815		3,769,523
Interest expense		72,655		537		73,192		821,580
	$	476,132	$	147,675	$	623,807	Ps.	7,002,233

(1) Income statement amounts translated at the year-end exchange rate of Ps.11.225 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2003 the exchange rate was Ps.11.225 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

As of February 25, 2004, the exchange rate was Ps.11.095 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

25. Segment data

The Group's segment data is prepared in accordance with Bulletin B-5 "Financial Information by Segments" issued by the MIPA in April 2003. Before that date, segment data was prepared in accordance with International Accounting Standard No. 14 . The adoption of Bulletin B-5 in 2003 did not have a significant impact on the Group's consolidated financial statements. Reportable segments are those that are based on the Group's method of internal reporting.

The Group is organized on the basis of services and products. The Group's segments are strategic business units that offer different entertainment services and products. The Group's reportable segments are as follows:

Television broadcasting

The television broadcasting segment includes the production of television programming and nationwide broadcasting of Channels 2, 4, 5 and 9 (television networks), and the production of television programming and broadcasting for local television stations in Mexico and the United States. The broadcasting of television networks is performed by television repeater stations in Mexico which are wholly-owned, majority- or minority-owned by the Group or otherwise affiliated with the Group's networks. Revenues are derived primarily from the sale of advertising time on the Group's television network and local television station broadcasts.

Programming for pay television

The programming for pay television segment includes programming services for cable and pay-per-view television companies in Mexico, other countries in Latin America, the United States and Europe. The programming services consist of both programming produced by the Group and programming produced by others. Programming for pay television revenues are derived from domestic and international programming services provided to the independent cable television systems in Mexico and the Group's DTH satellite and cable television businesses, and from the sale of advertising time on programs provided to pay television companies in Mexico.

Programming licensing

The programming licensing segment consists of the international licensing of television programming. Programming licensing revenues are derived from international program licensing fees.

Publishing

The publishing segment primarily consists of publishing Spanish-language magazines in Mexico, the United States and Latin America. Publishing revenues include subscriptions, sales of advertising space and magazine sales to distributors.

Publishing distribution

The publishing distribution segment consists of distribution of Spanish-language magazines, owned by either the Group or independent publishers, and other consumer products in Mexico and Latin America. Publishing distribution revenues are derived from magazine and other consumer products sales to retailers.

Cable television

The cable television segment includes the operation of a cable television system in the Mexico City metropolitan area and derives revenues principally from basic and premium services subscription and installation fees from cable subscribers, pay-per-view fees, and local and national advertising sales.

Radio

The radio segment includes the operation of six radio stations in Mexico City and eleven other domestic stations owned by the Group. Revenues are derived by advertising and by the distribution of programs to nonaffiliated radio stations.

Other businesses

The other businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, nationwide paging, feature film production and distribution, Internet and dubbing services for Mexican and multinational companies.

The table below presents information by segment for the years ended December 31, 2001, 2002 and 2003.

	Total revenues	Intersegment revenues	Consolidated revenues	Operating income (loss) before depreciation and amortization	Depreciation and amortization expense	Operating income (loss)
2001:						
Television broadcasting	Ps. 13,980,141	Ps. 154,738	Ps. 13,825,403	Ps. 5,305,526	Ps. 884,452	Ps. 4,421,074
Programming for pay television	565,167	76,915	488,252	44,090	41,262	2,828
Programming licensing	1,544,033	—	1,544,033	334,801	15,434	319,367
Publishing	1,763,156	19,708	1,743,448	306,953	49,267	257,686
Publishing distribution	985,937	16,816	969,121	22,442	13,559	8,883
Cable television	1,189,421	589	1,188,832	364,070	103,490	260,580
Radio	259,059	15,207	243,852	6,997	23,559	(16,562)
Other businesses	1,896,736	287,556	1,609,180	(316,273)	276,860	(593,133)
Eliminations and corporate expenses	(571,529)	(571,529)	—	(148,559)	—	(148,559)
Consolidated total	Ps. 21,612,121	Ps. —	Ps. 21,612,121	Ps. 5,920,047	Ps. 1,407,883	Ps. 4,512,164
2002:						
Television broadcasting	Ps. 14,596,503	Ps. 104,661	Ps. 14,491,842	Ps. 5,700,462	Ps. 954,591	Ps. 4,745,871
Programming for pay television	632,209	59,278	572,931	107,444	44,788	62,656
Programming licensing	1,461,051	—	1,461,051	238,582	11,924	226,658
Publishing	1,750,040	27,163	1,722,877	281,917	28,661	253,256
Publishing distribution	1,397,200	11,717	1,385,483	15,495	17,422	(1,927)
Cable television	1,152,268	499	1,151,769	337,247	127,773	209,474
Radio	194,501	43,647	150,854	(30,433)	17,124	(47,557)
Other businesses	1,610,395	130,629	1,479,766	(158,908)	305,051	(463,959)
Eliminations and corporate expenses	(377,594)	(377,594)	—	(149,222)	—	(149,222)
Consolidated total	Ps. 22,416,573	Ps. —	Ps. 22,416,573	Ps. 6,342,584	Ps. 1,507,334	Ps. 4,835,250
2003:						
Television broadcasting	Ps. 15,387,002	Ps. 70,112	Ps. 15,316,890	Ps. 6,540,214	Ps. 923,148	Ps. 5,617,066
Programming for pay television	699,677	55,877	643,800	154,316	39,613	114,703
Programming licensing	1,630,155	–	1,630,155	498,028	7,406	490,622
Publishing	1,787,753	6,875	1,780,878	346,132	18,893	327,239
Publishing distribution	1,776,224	6,617	1,769,607	8,644	20,266	(11,622)
Cable television	986,507	4,872	981,635	301,423	180,509	120,914
Radio	249,306	47,079	202,227	22,486	15,537	6,949
Other businesses	1,361,278	123,257	1,238,021	(150,759)	319,868	(470,627)
Eliminations and corporate expenses	(314,689)	(314,689)	–	(149,307)	–	(149,307)
Consolidated total	Ps. 23,563,213	Ps. –	Ps. 23,563,213	Ps. 7,571,177	Ps. 1,525,240	Ps. 6,045,937

Accounting policies

The accounting policies of the segments are the same as those described in the Group's summary of significant accounting policies (see Note 1). The Group evaluates the performance of its segments and allocates resources to them based on operating income before depreciation and amortization.

Intersegment revenue

Intersegment revenue consists of revenues derived from each of the segments principal activities as provided to other segments.

The Group accounts for intersegment revenues as if the revenues were from third parties, that is, at current market prices.

Allocation of general and administrative expenses

Non-allocated corporate expenses include payroll for certain executives, related employee benefits and other general expenses.

The table below presents segment information about assets, liabilities, and additions to property, plant and equipment as of and for the years ended December 31, 2001, 2002 and 2003.

		Segment assets at year-end		Segment liabilities at year-end		Additions to property, plant and equipment
2001:						
Continuing operations:						
Television operations (1)	Ps.	35,533,006	Ps.	16,784,453	Ps.	994,519
Publishing		1,495,155		316,400		11,454
Publishing distribution		945,477		244,979		7,825
Cable television		1,885,988		284,577		419,487
Radio		1,104,974		35,112		2,487
Other businesses		3,933,179		1,627,869		35,566
		44,897,779		19,293,390		1,471,338
Discontinued operations:						
Music recording (see Note 22)		801,126		186,974		642
Total	Ps.	45,698,905	Ps.	19,480,364	Ps.	1,471,980
2002:						
Continuing operations:						
Television operations (1)	Ps.	38,637,414	Ps.	17,448,542	Ps.	1,147,581
Publishing		1,612,364		178,176		3,643
Publishing distribution		966,549		374,275		15,429
Cable television		2,189,958		599,168		190,481
Radio		412,366		47,921		11,236
Other businesses		3,818,459		2,815,426		39,392
Total	Ps.	47,637,110	Ps.	21,463,508	Ps.	1,407,762
2003:						
Continuing operations:						
Television operations (1)	Ps.	42,178,645	Ps.	19,130,544	Ps.	750,970
Publishing		1,859,246		364,131		10,625
Publishing distribution		969,539		394,956		21,179
Cable television		2,115,790		485,226		176,260
Radio		423,523		51,009		14,049
Other businesses		3,322,730		1,892,333		79,138
Total	Ps.	50,869,473	Ps.	22,318,199	Ps.	1,052,221

(1) Segment assets and liabilities information is not maintained by the Group for each of the television broadcasting, programming for pay television and programming licensing segments. In management's opinion, there is no reasonable or practical basis to make allocations due to the interdependence of these segments. Consequently, management has presented such information on a combined basis as television operations.

Segment assets reconcile to total assets as follows:

		2001		2002		2003
Segment assets	Ps.	45,698,905	Ps.	47,637,110	Ps.	50,869,473
Non trade long-term receivables		7,111		5,942		—
Investments attributable to:						
Television operations (1)		1,462,500		7,866,450		10,976,209
Other segments		3,878,115		471,692		543,418
DTH ventures (2)		278,328		376,577		350,954
Goodwill - net attributable to:						
Television operations		2,295,810		1,264,106		1,177,354
Cable television		111,940		—		—
Publishing distribution		272,964		274,389		167,892
Other segments		67,545		761,826		673,940
Total assets	Ps.	54,073,218	Ps.	58,658,092	Ps.	64,759,240

(1) Includes goodwill attributable to equity investments of Ps.2,295, Ps.5,476,406 and Ps.5,447,326 in 2001, 2002 and 2003, respectively.
(2) Includes goodwill attributable to investments in DTH ventures of Ps.61,392, Ps.84,610 and Ps.101,475 in 2001, 2002 and 2003, respectively.

Equity method income for the years ended December 31, 2001, 2002 and 2003 attributable to television operations, equity investments approximated Ps.39,400 Ps.57,119 and Ps.116,207, respectively.

Segment liabilities reconcile to total liabilities as follows:

		2001		2002		2003
Segment liabilities	Ps.	19,480,364	Ps.	21,463,508	Ps.	22,318,199
Notes payable and long-term debt not attributable to segments		14,009,147		15,022,128		14,914,714
Total liabilities	Ps.	33,489,511	Ps.	36,485,636	Ps.	37,232,913

Geographical segment information

		Total net sales		Segment assets at year-end		Additions to Property, plant and equipment
2001:						
Mexico	Ps.	18,640,421	Ps.	43,348,435	Ps.	1,438,586
Other countries		2,971,700		2,350,470		33,394
	Ps.	21,612,121	Ps.	45,698,905	Ps.	1,471,980
2002:						
Mexico	Ps.	18,948,923	Ps.	43,104,122	Ps.	1,381,550
Other countries		3,467,650		4,532,988		26,212
	Ps.	22,416,573	Ps.	47,637,110	Ps.	1,407,762
2003:						
Mexico	Ps.	19,461,254	Ps.	47,347,399	Ps.	1,005,575
Other countries		4,101,959		3,522,074		46,646
	Ps.	23,563,213	Ps.	50,869,473	Ps.	1,052,221

Net sales are attributed to countries based on the location of customers.

board of directors

Directors

Emilio Azcárraga Jean	*Chairman of the Board, President and Chief Executive Officer and President of the Executive Committee*
Ma. Asunción Aramburuzabala Larregui	*Vice Chairwoman of the Board and Member of the Executive Committee of Grupo Modelo*

In alphabetical order:

Alfonso de Angoitia Noriega	*Executive Vice President*
Pedro Aspe Armella	*Chairman of the Board and Chief Executive Officer of ProtegoAsesores*
Julio Barba Hurtado	*Legal Advisor to the President of Grupo Televisa*
José Antonio Bastón Patiño	*Corporate Vice President of Television*
Ana Patricia Botín O'Shea	*Private Investor*
Manuel Jorge Cutillas Covani	*Director of Bacardi Limited*
Carlos Fernández González	*Chief Executive Officer and Vice Chairman of the Board of Grupo Modelo*
Bernardo Gómez Martínez	*Executive Vice President*
Claudio X. González Laporte	*Chairman of the Board and Chief Executive Officer of Kimberly-Clark de México*
Roberto Hernández Ramírez	*Chairman of the Board of Banco Nacional de México*
Enrique Krauze Kleinbort	*Chief Executive Officer of Editorial Clío*
Germán Larrea Mota Velasco	*Chairman of the Board and Chief Executive Officer of Grupo México*
Gilberto Perezalonso Cifuentes	*Private Advisor*
Alejandro Quintero Iñiguez	*Corporate Vice President of Sales and Marketing*
Fernando Senderos Mestre	*Chairman of the Board and Chief Executive Officer of Desc*
Enrique F. Senior Hernández	*Executive Vice President and Managing Director of Allen & Company Incorporated*
Lorenzo H. Zambrano Treviño	*Chairman of the Board and Chief Executive Officer of Cemex*

Alternate Directors

In alphabetical order:

Herbert Allen III	*Executive Vice President and Managing Director of Allen & Company Incorporated*
Juan Pablo Andrade Frich	*Asset Manager of Tresalia Capital*
Maximiliano Arteaga Carlebach	*Vice President of Technical Operations and Services to Television Production*
Lucrecia Aramburuzabala Larregui	*Private Investor*
Félix José Araujo Ramírez	*Vice President of Telesistema Mexicano*
Joaquín Balcárcel Santa Cruz	*Legal Director of Grupo Televisa*
Juan Fernando Calvillo Armendáriz	*Vice President of Internal Auditing*
Rafael Carabias Príncipe	*Vice President of Administration*
Francisco José Chévez Robelo	*Retired Partner of Chévez, Ruiz, Zamarripa y Cia, S.C.*
Leopoldo Gómez González Blanco	*Vice President - Newscasts of Grupo Televisa*
José Antonio Lara del Olmo	*Vice President - Tax of Grupo Televisa*
Jorge Lutteroth Echegoyen	*Controller and Vice President of Grupo Televisa*
José Luis Fernández Fernández	*Partner of Chévez, Ruiz, Zamarripa y Cia., S.C.*
Salvi Folch Viadero	*Chief Financial Officer*
Juan Sebastián Mijares Ortega	*Secretary of the Board, Secretary of the Executive Committee General Counsel and Vice President - Legal of Grupo Televisa*
Alberto Montiel Castellanos	*Director of Montiel Font y Asociados, S.C.*
Raúl Morales Medrano	*Partner of Chévez, Ruiz, Zamarripa y Cia, S.C.*
Alexandre Moreira Penna da Silva	*Chief Executive Officer of Innova*
Guillermo Nava Gómez Tagle	*Vice President of Administration - San Angel*

Statutory Auditor

Mario Salazar Erdmann	*Retired Partner of PricewaterhouseCoopers, S.C.*

Alternate Statutory Auditor

José Miguel Arrieta Méndez	*Partner of PricewaterhouseCoopers, S.C.*

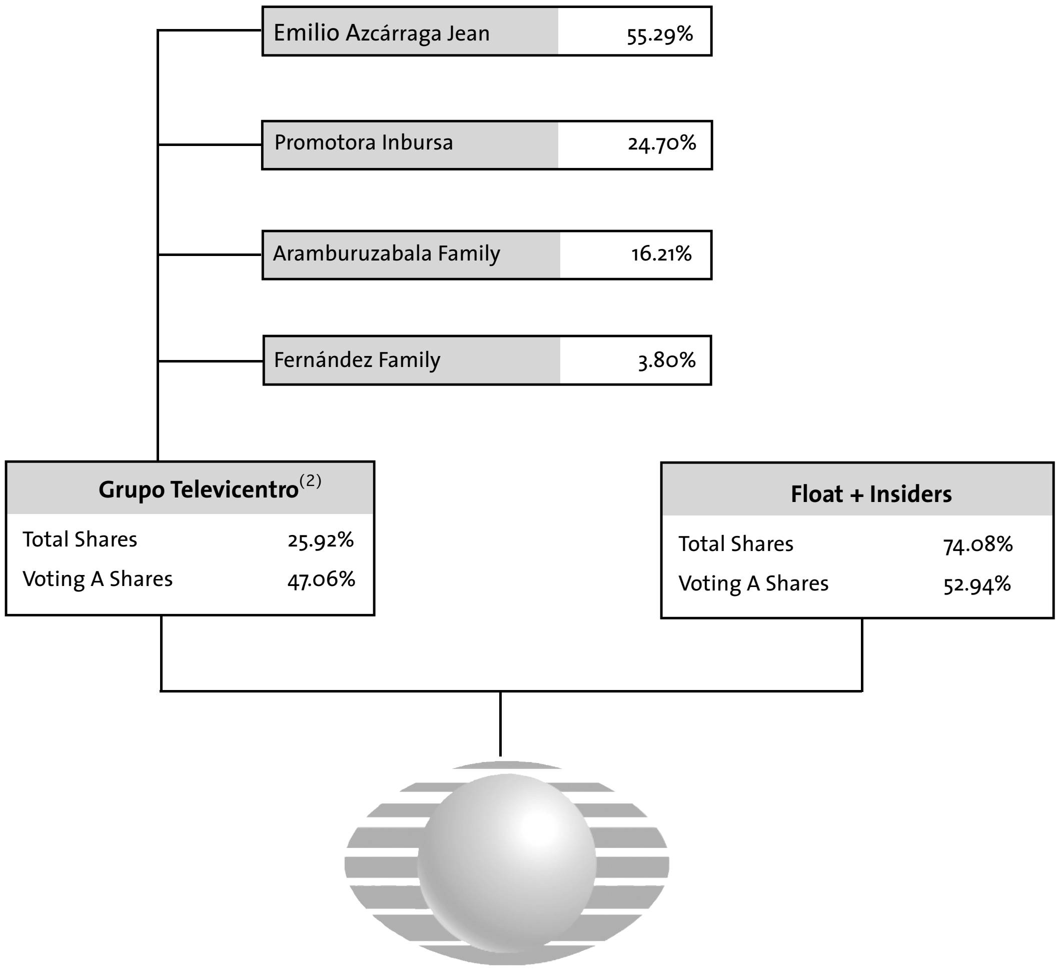
Executive Officers

Emilio Azcárraga Jean	*Chairman of the Board, President and Chief Executive Officer and President of the Executive Committee*
Alfonso de Angoitia Noriega	*Executive Vice President*
Bernardo Gómez Martínez	*Executive Vice President*

In alphabetical order:

Félix Araujo Ramírez	*Vice President of Telesistema Mexicano*
Maximiliano Arteaga Carlebach	*Vice President of Operations, Technical Service and Television Production*
José Antonio Bastón Patiño	*Corporate Vice President of Television*
Jean Paul Broc Haro	*Chief Executive Officer of Cablevisión*
Salvi Folch Viadero	*Chief Financial Officer*
Eduardo Michelsen Delgado	*Chief Executive Officer of Editorial Televisa*
Jorge Eduardo Murguía Orozco	*Vice President of Production*
Alexandre Moreira Penna da Silva	*Chief Executive Officer of Innova*
Alejandro Quintero Iñiguez	*Corporate Vice President of Sales and Marketing*
Raúl Rodríguez González	*Chief Executive Officer of Radio*

shareholders’ structure[1]



(1) As of December 31, 2003.
(2) For purposes of this chart, the number of the Company’s shares outstanding include shares which are owned by one of the Company’s subsidiaries and shares which are held by the trust created by the Company to implement an employee stock plan. Had these Shares been excluded from the Company’s shares outstanding, the ownership of Grupo Televicentro’s total shares and voting A Shares would be 27.94% and 52.79%, respectively.

investor information

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adr@jpmorgan.com

TV Listed NYSE

COTIZA EN BOLSA MEXICANA DE VALORES
TLEVISACPO

Design: GDesign / Ginna Namnum

Common Stock Data

CPOs covering the Grupo Televisa, S.A. A Shares, L Shares and D Shares are listed and admitted for trading on the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange) under the ticker symbol "TLEVISACPO". The GDSs, each representing twenty CPOs, are listed on the New York Stock Exchange (traded under the ticker symbol «TV»).

Dividend Policy

The declaration, amount and payment of dividends are determined by majority vote of the holders of the A Shares, generally but not necessarily, on the recommendation of the Board of Directors. The decision will depend on the Company's financial condition, cash requirements, future prospects and other factors deemed relevant. There can be no assurance that the Company will pay dividends.

SEC Filings

The Company files and submits reports to the U.S. Securities and Exchange Commission. This Annual Report contains both historical information and forward-looking statements. These forward-looking statements, as well as other forward-looking statements made by the Company or its representatives from time to time, whether orally or in writing, involve risks and uncertainties relating to the Company's businesses, operations and financial condition. A summary of these risks is included in the Company's filings with the U.S. Securities and Exchange Commission, and this summary as well as the other filings with and submissions to the U.S. Securities and Exchange Commission are available through the Office of Investor Relations upon written request.

Investor Relations

Investors and analysts should direct all inquiries to:

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