# board OF DIRECTORS

## Emilio Azcárraga Jean
Chairman of the Board, President, and Chief Executive Officer of Grupo Televisa
**First elected: December 1990**
Member of the boards of Teléfonos de México, and Banco Nacional de México and former vice chairman of the board of Univision

## María Asunción Aramburuzabala Larregui
Vice Chairwoman of the Board of Grupo Televisa and Vice Chairwoman of the Board of Grupo Modelo
**First elected: July 2000**
Chief executive officer of Tresalia Capital, and member of the boards of Grupo Financiero Banamex, Banco Nacional de México, and América Móvil

## Alfonso de Angoitia Noriega
Executive Vice President of Grupo Televisa
**First elected: April 1998**
Former chief financial officer of Grupo Televisa and former alternate member of the board of Univision

## Pedro Aspe Armella
Chairman of the Board and Chief Executive Officer of Protego Asesores
**First elected: April 2003**
Member of the board of The McGraw-Hill Companies and Xigmux and former member of the board of Vector Casa de Bolsa

## Julio Barba Hurtado
Legal Advisor to the President of Grupo Televisa
**First elected: December 1990**
Former legal advisor to Televisa, S.A. de C.V.

## José Antonio Bastón Patiño
Corporate Vice President of Television of Grupo Televisa
**First elected: April 1998**
Former vice president of operations of Grupo Televisa, former general director of programming of Grupo Televisa and former member of the board of Univision

## Alberto Bailleres González
Chairman of the Board of Grupo Bal
**First elected: April 2005**
Member of the board of Valores Mexicanos Casa de Bolsa, Desc, Fomento Económico Mexicano, Grupo Financiero BBVA Bancomer, Industrias Peñoles, Grupo Nacional Provincial, GNP Pensiones, Grupo Palacio de Hierro, Profuturo GNP, and Aseguradora Porvenir GNP

## Manuel Jorge Cutillas Covani
Former Director of Bacardi Limited
**First elected: April 1994**
Member of the board of Bacardi Limited and former chairman of the board of Bacardi Limited

## Carlos Fernández González
Chief Executive Officer and Vice Chairman of the Board of Grupo Modelo
**First elected: July 2000**
Member of the boards of Anheuser Busch, Grupo Financiero Santander Mexicano, and Emerson Electric

## Bernardo Gómez Martínez
Executive Vice President of Grupo Televisa
**First elected: April 1999**
Former president of the Mexican Chamber of Television and Radio Broadcasters and deputy to the president of Grupo Televisa

## Claudio X. González Laporte
Chairman of the Board and Chief Executive Officer of Kimberly-Clark de México
**First elected: April 1997**
Member of the boards of Kimberly-Clark Corporation, General Electric Co., Kellogg Company, Home Depot, Alfa, Grupo Carso, América Móvil, and Investment Company of America, and former president of the Business Council

## Roberto Hernández Ramírez
Chairman of the Board of Banco Nacional de México
**First elected: April 1992**
Former chief executive officer of Banco Nacional de México, and member of the boards of Citigroup, Empresas ICA Sociedad Controladora, Grupo Modelo, Gruma, Grupo Financiero Banamex Accival, Avantel, and Münchener de México

## Enrique Krauze Kleinbort
Chief Executive Officer of Editorial Clío
**First elected: April 1996**
General director of Editorial Clío Libros y Video

## Germán Larrea Mota Velasco
Chairman of the Board and Chief Executive Officer of Grupo México
**First elected: April 1999**
Chairman of the board and chief executive officer of Asarco Incorporated, Southern Peru Copper Corporation, Grupo Ferroviario Mexicano, and former member of the boards of Banco Nacional de México and Bolsa Mexicana de Valores

## Gilberto Pérezalonso Cifuentes
Chief Executive Officer of Corporación Geo
**First elected: April 1998**
Member of the boards of Gigante and Southern Peru Copper Corporation, director of the pension funds of Banco Nacional de México, and former chief executive officer of Aerovías de México

## Alejandro Quintero Iñiguez
Corporate Vice President of Sales and Marketing of Grupo Televisa
**First elected: April 1998**
Shareholder and member of the board of Grupo TV Promo and former advisor to former Mexican president Ernesto Zedillo

## Fernando Senderos Mestre
Chairman of the Board and Chief Executive Officer of Desc
**First elected: April 1992**
Member of the boards of Teléfonos de México, Alfa, Kimberly-Clark de México, Industrias Peñoles, and Dana Corporation

## Carlos Slim Domit
Chairman of the Board of Grupo Carso and Teléfonos de México, and President of Grupo Sanborns
**First elected: April 2004**
Vice chairman of America Telecom, and member of the boards of Grupo Condumex, Phillip Morris México and Sears Roebuck de México

## Enrique Senior Hernández
Executive Vice President and Managing Director of Allen & Company
**First elected: April 2001**
Member of the boards of Pics Retail Networks, Coca Cola Femsa and Cinemark

## Lorenzo H. Zambrano Treviño
Chairman of the Board and Chief Executive Officer of Cemex
**First elected: April 1999**
Member of the boards of Alfa, Empresas ICA Sociedad Controladora, Fomento Económico Mexicano, and Vitro

# financial STATEMENTS

contents

# report OF INDEPENDENT AUDITORS

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers, S.C.
Mariano Escobedo 573
Col. Rincón del Bosque
11580 México, D.F.
Telephone: 5263 6000
Fax: 5263 6010
www.pwc.com

México, D.F., March 16, 2006

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

We have audited the accompanying consolidated balance sheets of Grupo Televisa, S.A. ("the Company") and its subsidiaries as of December 31, 2004 and 2005, and the related consolidated statements of income, of changes in stockholders' equity and of changes in financial position for the years ended December 31, 2003, 2004 and 2005. 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 did not audit the financial statements of Univision Communications, Inc. ("Univision"), an equity method investee. The Company's consolidated financial statements include the investment in Univision of Ps.5,950 million and Ps.5,682 million as of December 31, 2004 and 2005, respectively, and an equity in earnings of Univision in the consolidated income statements of the Company of Ps.280 million and Ps.192 million for the years ended December 31, 2004 and 2005, respectively. The financial statements of Univision were audited by other auditors, and our opinion expressed herein, insofar as it relates to that investment, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they were prepared in accordance with Mexican generally accepted accounting principles. 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.

As discussed in Note 1(i) to the consolidated financial statements, effective January 1, 2004, the Company adopted the guidelines of Bulletin B-7 "Business Acquisitions" issued by the Mexican Institute of Public Accountants. The adoption of this Bulletin resulted in a decrease in the amortization of goodwill charged to income of approximately Ps.495 million and Ps.451 million in 2004 and 2005, respectively.

As discussed in Note 1(g) to the consolidated financial statements, effective April 1, 2004, the Company consolidated the financial information of Innova, S. de R.L. de C.V.

In our opinion, based on our audits and the report of other auditors, the aforementioned consolidated financial statements present fairly, in all material respects, the financial position of Grupo Televisa, S.A. and its subsidiaries at December 31, 2004 and 2005, and the results of their operations, changes in their stockholders' equity and changes in their financial position, for the years ended December 31, 2003, 2004 and 2005 in conformity with accounting principles generally accepted in Mexico.

PricewaterhouseCoopers

C.P.C. José Miguel Arrieta Méndez
**Audit Partner**

100 México Años 1906-2006

# consolidated BALANCE SHEETS

As of December 31, 2004 and 2005
(In thousands of Mexican pesos in purchasing power as of December 31, 2005)
(Notes 1 and 2)

| | | 2004 | 2005 |
|---|---|---|---|
| **Assets** | | | |
| Current: | | | |
| Available: | | | |
| Cash | | Ps. 403,540 | Ps. 544,582 |
| Temporary investments | | 16,792,407 | 14,233,372 |
| | | 17,195,947 | 14,777,954 |
| Trade notes and accounts receivable, net | (Note 3) | 11,604,240 | 13,896,300 |
| Other accounts and notes receivable, net | | 1,210,593 | 570,610 |
| Due from affiliated companies, net | (Note 16) | 78,961 | — |
| Transmission rights and programming | (Note 4) | 3,713,684 | 3,120,501 |
| Inventories | | 684,848 | 638,280 |
| Other current assets | | 734,650 | 578,068 |
| Total current assets | | 35,222,923 | 33,581,713 |
| Transmission rights and programming, noncurrent | (Note 4) | 4,641,403 | 3,920,967 |
| Investments | (Note 5) | 6,982,937 | 7,587,509 |
| Property, plant and equipment, net | (Note 6) | 19,798,098 | 19,728,547 |
| Intangible assets and deferred charges, net | (Note 7) | 9,461,758 | 10,013,273 |
| Other assets | | 277,532 | 19,728 |
| Total assets | | Ps. 76,384,651 | Ps. 74,851,737 |

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

# consolidated BALANCE SHEETS

As of December 31, 2004 and 2005
(In thousands of Mexican pesos in purchasing power as of December 31, 2005)
(Notes 1 and 2)

| | | 2004 | 2005 |
|---|---|---|---|
| **Liabilities** | | | |
| Current: | | | |
| Current portion of long-term debt | (Note 8) | Ps. 3,406,973 | Ps. 340,457 |
| Current portion of satellite transponder lease obligation | (Note 8) | 73,101 | 75,604 |
| Trade accounts payable | | 2,206,412 | 2,954,723 |
| Customer deposits and advances | | 15,427,906 | 15,538,229 |
| Taxes payable | | 1,610,711 | 1,055,793 |
| Accrued interest | | 464,352 | 334,609 |
| Other accrued liabilities | | 1,313,105 | 1,580,931 |
| Due to affiliated companies, net | (Note 16) | — | 455,903 |
| Total current liabilities | | 24,502,560 | 22,336,249 |
| Long-term debt, net of current portion | (Note 8) | 19,575,139 | 18,137,240 |
| Satellite transponder lease obligation, net of current portion | (Note 8) | 1,368,760 | 1,186,933 |
| Customer deposits and advances, noncurrent | | 385,315 | 2,508,200 |
| Other long-term liabilities | | 611,734 | 461,374 |
| Deferred taxes | (Note 20) | 1,417,155 | 165,657 |
| Pension plans, seniority premiums and severance indemnities | (Note 10) | — | 192,160 |
| Total liabilities | | 47,860,663 | 44,987,813 |
| Commitments and contingencies | (Note 11) | | |
| **Stockholders' Equity** | | | |
| Capital stock issued, no par value | (Note 12) | 9,889,463 | 9,889,463 |
| Additional paid-in capital | | 4,212,442 | 4,212,442 |
| | | 14,101,905 | 14,101,905 |
| Retained earnings: | (Note 13) | | |
| Legal reserve | | 1,575,357 | 1,798,387 |
| Reserve for repurchase of shares | | 5,744,583 | 5,744,583 |
| Unappropriated earnings | | 11,917,996 | 11,834,150 |
| Net income for the year | | 4,460,607 | 6,125,542 |
| | | 23,698,543 | 25,502,662 |
| Accumulated other comprehensive loss | (Note 14) | (2,647,449) | (3,546,369) |
| Shares repurchased | (Note 13) | (6,504,449) | (7,045,146) |
| | | 14,546,645 | 14,911,147 |
| Total majority interest | | 28,648,550 | 29,013,052 |
| Minority interest | (Note 15) | (124,562) | 850,872 |
| Total stockholders' equity | | 28,523,988 | 29,863,924 |
| Total liabilities and stockholders' equity | | Ps. 76,384,651 | Ps. 74,851,737 |

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

# consolidated STATEMENTS OF INCOME

For the years ended December 31, 2003, 2004 and 2005
(In thousands of Mexican pesos in purchasing power as of December 31, 2005, except per CPO amounts)
(Notes 1 and 2)

| | | 2003 | 2004 | 2005 |
|---|---|---|---|---|
| Net sales | (Note 23) | Ps. 25,612,386 | Ps. 30,291,209 | Ps. 32,481,041 |
| Cost of sales (excluding depreciation and amortization) | | 14,009,959 | 15,328,115 | 14,752,396 |
| Operating expenses (excluding depreciation and amortization): | | | | |
| Selling | | 1,840,155 | 2,274,397 | 2,665,461 |
| Administrative | | 1,532,668 | 1,701,496 | 1,841,428 |
| Depreciation and amortization | | 1,657,882 | 2,144,158 | 2,418,969 |
| Operating income | (Note 23) | 6,571,722 | 8,843,043 | 10,802,787 |
| Integral cost of financing, net | (Note 17) | 667,969 | 1,566,687 | 1,782,030 |
| Restructuring and non-recurring charges | (Note 18) | 714,406 | 408,423 | 229,902 |
| Other expense, net | (Note 19) | 590,501 | 532,160 | 464,220 |
| Income before taxes | | 4,598,846 | 6,335,773 | 8,326,635 |
| Income tax and asset tax | (Note 20) | 776,048 | 1,208,809 | 751,243 |
| Employees' profit sharing | (Note 20) | 6,005 | 6,736 | 19,907 |
| | | 782,053 | 1,215,545 | 771,150 |
| Income before equity in earnings of affiliates, loss from discontinued operations and cumulative loss effect of accounting changes | | 3,816,793 | 5,120,228 | 7,555,485 |
| Equity in earnings of affiliates, net | (Note 5) | 30,747 | 635,490 | 160,158 |
| Loss from discontinued operations, net | (Note 1(s)) | (69,736) | — | — |
| Cumulative loss effect of accounting changes, net | (Note 1(b) (n) (r)) | — | (1,055,636) | (506,080) |
| Consolidated net income | | 3,777,804 | 4,700,082 | 7,209,563 |
| Minority interest | (Note 15) | 131,577 | (239,475) | (1,084,021) |
| Net income | (Note 13) | Ps. 3,909,381 | Ps. 4,460,607 | Ps. 6,125,542 |
| Net income per CPO | (Note 21) | Ps. 1.36 | Ps. 1.53 | Ps. 2.11 |

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

# consolidated STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2003, 2004 and 2005
(In thousands of Mexican pesos in purchasing power as of December 31, 2005)
(Notes 1 and 2)

| | Capital Stock Issued (Note 12) | Additional Paid-in Capital | Retained Earnings (Note 13) | Accumulated Other Comprehensive (Loss) Income (Note 14) | Shares Repurchased (Note 13) | Total Majority Interest | Minority Interest (Note 15) | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| Balance at January 1, 2003 | Ps. 8,605,090 | Ps. 244,606 | Ps. 22,069,045 | Ps. (5,691,541) | Ps. (2,414,449) | Ps. 22,812,751 | Ps. 1,287,935 | Ps. 24,100,686 |
| Dividends | — | — | (621,603) | — | — | (621,603) | — | (621,603) |
| Share cancellation | (89,322) | — | — | — | 579,852 | 490,530 | — | 490,530 |
| Repurchase of capital stock | — | — | (357,610) | — | (5,189,864) | (5,547,474) | — | (5,547,474) |
| Sale of capital stock | — | — | (50,958) | — | 128,891 | 77,933 | — | 77,933 |
| Shares issued | 405,433 | 3,967,836 | — | — | — | 4,373,269 | — | 4,373,269 |
| Decrease in minority interest | — | — | — | — | — | — | (115,487) | (115,487) |
| Comprehensive income | — | — | 3,909,381 | 3,252,916 | — | 7,162,297 | — | 7,162,297 |
| Balance at December 31, 2003 | 8,921,201 | 4,212,442 | 24,948,255 | (2,438,625) | (6,895,570) | 28,747,703 | 1,172,448 | 29,920,151 |
| Dividends | — | — | (4,114,065) | — | — | (4,114,065) | — | (4,114,065) |
| Stock dividends | 968,262 | — | (968,262) | — | — | — | — | — |
| Repurchase of capital stock | — | — | (132,891) | — | (709,706) | (842,597) | — | (842,597) |
| Sale of capital stock | — | — | (495,101) | — | 1,100,827 | 605,726 | — | 605,726 |
| Decrease in minority interest | — | — | — | — | — | — | (1,297,010) | (1,297,010) |
| Comprehensive income (loss) | — | — | 4,460,607 | (208,824) | — | 4,251,783 | — | 4,251,783 |
| Balance at December 31, 2004 | 9,889,463 | 4,212,442 | 23,698,543 | (2,647,449) | (6,504,449) | 28,648,550 | (124,562) | 28,523,988 |
| Dividends | — | — | (4,305,789) | — | — | (4,305,789) | — | (4,305,789) |
| Repurchase of capital stock | — | — | — | — | (1,194,424) | (1,194,424) | — | (1,194,424) |
| Sale of capital stock | — | — | (339,168) | — | 653,727 | 314,559 | — | 314,559 |
| Increase in minority interest | — | — | — | — | — | — | 975,434 | 975,434 |
| Stock-based compensation | — | — | 323,534 | — | — | 323,534 | — | 323,534 |
| Comprehensive income (loss) | — | — | 6,125,542 | (898,920) | — | 5,226,622 | — | 5,226,622 |
| Balance at December 31, 2005 | Ps. 9,889,463 | Ps. 4,212,442 | Ps.25,502,662 | Ps. (3,546,369) | Ps. (7,045,146) | Ps. 29,013,052 | Ps. 850,872 | Ps. 29,863,924 |

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

# consolidated STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the years ended December 31, 2003, 2004 and 2005
(In thousands of Mexican pesos in purchasing power as of December 31, 2005)
(Notes 1 and 2)

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Operating activities: | | | |
| Consolidated net income | Ps. 3,777,804 | Ps. 4,700,082 | Ps. 7,209,563 |
| Adjustments to reconcile net income to resources provided by (used for) operating activities: | | | |
| Equity in earnings of affiliates | (30,747) | (635,490) | (160,158) |
| Depreciation and amortization | 1,657,882 | 2,144,158 | 2,418,969 |
| Write-off of long-lived assets and other amortization | 812,206 | 283,829 | 97,544 |
| Deferred taxes | (360,946) | 630,108 | (787,777) |
| (Gain) loss on disposition of affiliates | (484,595) | 126,536 | 171,264 |
| Loss from discontinued operations | 69,736 | — | — |
| Cumulative loss effect of accounting changes | — | 1,055,636 | 506,080 |
| | 5,441,340 | 8,304,859 | 9,455,485 |
| Changes in operating assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Trade notes and accounts receivable, net | (786,044) | 71,630 | (2,292,060) |
| Transmission rights and programming | 544,399 | 322,617 | 976,787 |
| Inventories | 16,798 | (112,444) | 46,568 |
| Other accounts and notes receivable and other current assets | (55,348) | (381,964) | 796,565 |
| Increase (decrease) in: | | | |
| Customer deposits and advances | 1,938,913 | 557,276 | 2,233,208 |
| Trade accounts payable | 104,232 | (625,630) | 748,311 |
| Other liabilities, taxes payable and deferred taxes | (275,580) | (180,471) | (742,530) |
| Pension plans and seniority premiums | 74,103 | 65,623 | 74,652 |
| | 1,561,473 | (283,363) | 1,841,501 |
| Resources provided by operating activities | 7,002,813 | 8,021,496 | 11,296,986 |
| Financing activities: | | | |
| Issuance of Senior Notes due 2025 | — | — | 6,375,900 |
| Prepayments of Senior Notes and UDIs denominated Notes | — | — | (5,679,629) |
| Other increase in debt | 1,208,978 | 4,323,363 | — |
| Other decrease in debt | (1,399,910) | (2,380,366) | (5,380,010) |
| Repurchase and sale of capital stock | (4,979,011) | (236,873) | (879,865) |
| Series "A" Shares of capital stock issued | 4,373,268 | — | — |
| Dividends paid | (621,603) | (4,114,064) | (4,305,789) |
| Gain on issuance of shares of investee | — | 111,465 | — |
| Minority interest | 16,090 | (53,136) | (108,587) |
| Translation effect | (334,291) | (50,339) | 112,208 |
| Resources used for financing activities | (1,736,479) | (2,399,950) | (9,865,772) |
| Investing activities: | | | |
| Due from affiliated companies, net | (477,670) | (37,582) | 534,864 |
| Investments | (662,731) | (247,165) | (1,201,361) |
| Disposition of investments | 583,734 | 37,500 | 105,015 |
| Investments in property, plant and equipment | (1,143,728) | (2,094,532) | (2,738,095) |
| Disposition of property, plant and equipment | 450,487 | 153,494 | 317,008 |
| Disposition of discontinued operations | (102,553) | — | — |
| Investment in goodwill and other intangible assets | (568,002) | (219,671) | (1,658,611) |
| Disposition of goodwill and other intangible assets | 28,320 | 270,613 | 674,928 |
| Other assets | 25,087 | (101,732) | 117,045 |
| Resources used for investing activities | (1,867,056) | (2,239,075) | (3,849,207) |
| Net increase (decrease) in cash and temporary investments | 3,399,278 | 3,382,471 | (2,417,993) |
| Net increase in cash and temporary investments upon Innova's consolidation | — | 483,451 | — |
| Cash and temporary investments at beginning of year | 9,930,747 | 13,330,025 | 17,195,947 |
| Cash and temporary investments at end of year | Ps. 13,330,025 | Ps. 17,195,947 | Ps. 14,777,954 |

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

For the Years Ended December 31, 2003, 2004 and 2005
(In thousands of Mexican pesos in purchasing power as of December 31, 2005, 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") through December 31, 2005 (see Note 1 (t)), 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). The consolidated financial statements also include the accounts of variable interest entities ("VIEs") in which the Group is deemed the primary beneficiary (see Note 1(b)). 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, 2005, the Group consisted of the Company and various consolidated entities, including the following:

| Consolidated Entity | Company's Ownership [1] | Business Segment [2] |
|---|---|---|
| Telesistema Mexicano, S. A. de C. V. and subsidiaries, including Televisa, S. A. de C. V. | 100% | Television Broadcasting<br>Pay Television Networks<br>Programming Exports |
| Televisión Independiente de México, S. A. de C. V. and subsidiaries | 100% | Television Broadcasting |
| Campus América, S. A. de C. V. and subsidiaries, including TuTv, LLC ("TuTv") [3] | 100% | Television Broadcasting<br>Pay Television Networks |
| Editorial Televisa, S. A. de C. V. and subsidiaries | 100% | Publishing |
| Grupo Distribuidoras Intermex, S. A. de C. V. and subsidiaries | 100% | Publishing Distribution |
| Innova Holdings, S. de R. L. de C. V. and Innova, S. de R. L. de C.V. and subsidiaries (collectively, "Sky Mexico") [3] | 60% | Sky Mexico |
| Empresas Cablevisión, S. A. de C. V. and subsidiaries | 51% | Cable Television |
| Sistema Radiópolis, S. A. de C. V. and subsidiaries | 50% | Radio |
| 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 |

(1) Percentage of equity interest directly or indirectly held by the Company in the holding entity.

(2) See Note 23 for a description of each of the Group's business segments.

(3) Mexican GAAP does not provide specific guidance on the accounting for the consolidation of VIEs. Effective April 1, 2004, the Group adopted the guidelines of the Financial Accounting Standards Board Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities" as permitted under the scope of Mexican GAAP Bulletin A-8, "Supplementary Application of International Accounting Standards" ("Bulletin A-8"). FIN 46, which became effective in 2004, requires the primary beneficiary of a variable interest entity to consolidate that entity. The primary beneficiary of a VIE is the party that absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interest in the entity. In accordance with the guidelines of FIN 46, the Group identified Sky Mexico and TuTv, as VIEs and the Group as the primary beneficiary of the investment in each of these entities, and began to include in its consolidated financial statements the assets, liabilities and results of operations of Sky Mexico and TuTv. As a result of adoption of FIN 46 on April 1, 2004, the Group recognized at that date a consolidated cumulative loss effect of Ps.1,055,637, net of income tax in the amount of Ps.319,394, in its consolidated statement of income for the year ended December 31, 2004, primarily in connection with Sky Mexico's accumulated losses not recognized by the Group in prior periods and the first quarter of 2004. Before April 1, 2004, the Group accounted for its investment in Sky Mexico by applying the equity method, and recognized equity in losses in excess of its investment up to the amount of the guarantees made by the Group in connection with certain capital lease obligations of Sky Mexico (see Note 1 (g)).

The Group's Television Broadcasting, Sky Mexico, Cable Television and Radio 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, 2005, the expiration dates of the Group's concessions were as follows:

| | Expiration Dates |
|---|---|
| Television Broadcasting | In 2021 |
| Sky Mexico | In 2020 and 2026 |
| Cable Television | In 2029 |
| Radio | Various from 2006 to 2015 |

### 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.

The Group had 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. In March 2005, in connection with the issuance of a portion of its Senior Notes due 2025 and the prepayment of a portion of its Senior Notes due 2011, the Group designated its net investment in Univision as an effective hedge of U.S.$400 million of its Senior Notes due 2025 (see Note 8). Consequently, any foreign exchange gain or loss attributable to this U.S. dollar long-term debt, is credited or charged directly to equity (other comprehensive income or loss). As of December 31, 2004 and 2005, the total principal amount of the Group's long-term debt being hedged by the Group's net investment in Univision was of U.S.$600 million (Ps.6,912,338) and approximately U.S.$775.5 million (Ps.8,240,681), respectively.

### 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, 2004 and 2005, temporary investments consisted of fixed short-term deposits in commercial banks (primarily Mexican pesos and U.S. dollars), with an average yield of approximately 1.42% for U.S. dollar deposits and 6.88% for Mexican peso deposits in 2004, and approximately 3.30% for U.S. dollar deposits and 9.60% for Mexican peso deposits in 2005.

### e) Transmission rights and programming

Programming is comprised of 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. Payments for production talent advances are initially capitalized and subsequently included as direct or indirect costs of program production.

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.

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 exceeding 25 years.

### 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, including held-to-maturity securities, which are those long-term investments that the Group has the ability and intent to hold until maturity (see Note 5).

### h) Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost and thereafter are restated to constant Mexican pesos 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, 3 to 25 years for technical equipment and 5 to 20 years for other equipment.

### i) Intangible assets and deferred financing costs

Intangible assets and deferred financing costs are recognized at cost and thereafter restated using the NCPI.

Intangible assets are composed of goodwill, publishing trademarks, television network concession, licenses and software, subscriber list and other items. Goodwill, publishing trademarks and television network concession are intangible assets with indefinite lives and are not amortized. Indefinite-lived intangibles are assessed annually for impairment or more frequently, if circumstances indicate a possible impairment exists. Licenses and software, subscriber list and other items are intangible assets with finite lives and are amortized, on a straight-line basis, over their estimated useful lives, which range from three to 10 years. Financing costs are deferred and amortized over the period of the related debt (see Note 7).

Since January 1, 2004, in connection with the Group’s early adoption of Bulletin B-7, “Business Acquisitions”, issued by the MIPA, the Group’s goodwill ceased being amortized. In connection with the adoption of Bulletin B-7, the Group’s annual amortization expense related to goodwill decreased by approximately Ps.495,480 in 2004 and Ps.451,195 in 2005.

### j) Impairment of long-lived assets

Through December 31, 2003, the Group evaluated the recoverability of its long-lived assets to determine whether current events or circumstances warranted adjustment to the carrying value. Such evaluation was based on current and projected income and cash flows from operations as well as other economic and market variables (see Notes 7 and 19).

As of January 1, 2004, the Group adopted the provisions of Bulletin C-15, “Impairment in the Value of Long-Lived Assets and their Disposal,” issued by the MIPA. Bulletin C-15 establishes the general criteria for the identification and, when applicable, the recording of impairment losses or decrease in the value of long-lived assets, tangible and intangible, including goodwill (see Note 7). To determine whether an impairment exists, the carrying value of the reporting unit is compared with its fair value. Fair values estimates are based on quoted market values in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including discounted value of estimated future cash flows, market multiples or third-party appraisal valuations.

### k) Customer deposits and advances
Customer deposit and advance agreements for television advertising services provide that customers receive preferential prices, 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, rating 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 account and the foreign currency translation adjustments account) 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, 2005.

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

- Advertising revenues, including deposits and advances 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 initially 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.
- The marginal revenue from publishing distribution is recognized when the products are distributed.
- Sky Mexico program service revenues, including advances from customers for future DTH program services and installation fees, are recognized at the time the DTH service is provided.
- 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.
- Motion picture production and distribution revenues are recognized as the films are exhibited.

### 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 based upon actuarial calculations.

Through December 31, 2004, severance obligations to dismissed personnel were charged to income in the year in which they were incurred. In January 2004, the MIPA issued a revised Bulletin D-3, "Labor Obligations," which requires, among other amendments, that severance obligations to dismissed personnel (severance indemnities), other than those arising from restructurings, are recognized based upon actuarial calculations. In connection with this amendment to Bulletin D-3, which became effective on January 1, 2005, the Group recognized a severance liability of Ps.260,779 as of that date, and a cumulative loss effect of accounting change in the amount of Ps.182,545, net of an income tax benefit of Ps.78,234, for the year ended December 31, 2005.

### 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 derivative financial instruments for the purpose of reducing its exposure to adverse fluctuations in foreign exchange rates, interest rates and inflation. Through December 31, 2004, the Group accounted for derivatives according to Bulletin C-2 "Financial Instruments." Under Bulletin C-2, derivative financial instruments that qualified for hedge accounting were recorded in the balance sheet, on the same basis of the hedged assets or liabilities, and changes in value were recorded in each period in the income statement. Derivative financial instruments that do not qualify for hedge accounting were recorded in the balance sheet at their fair value and changes in the fair value were recorded in each period in the income statement.

Effective January 1, 2005, the Group adopted the provisions of Bulletin C-10, "Derivative Financial Instruments and Hedge Operations," issued by the MIPA. Bulletin C-10 establishes accounting and reporting standards requiring that all derivative instruments, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or a liability measured at its fair value. Bulletin C-10 also requires that changes in the derivative's fair value be recognized in current earnings unless specific hedge accounting criteria is met, in which case such changes will be recognized in current earnings or stockholders' equity (as accumulated other comprehensive income or loss) depending on the intended use of the derivative and the resulting designation. Bulletin C-10 also requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The adoption of these provisions in 2005 did not have a significant impact in the Group's financial statements. As of December 31, 2005, none of the Group's derivatives qualifies for hedge accounting.

### 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 14).

### r) Stock-based compensation

In 2005, the Group adopted the guidelines of the International Financial Reporting Standard 2 ("IFRS 2"), "Share-based payment," issued by the International Accounting Standards Board. IFRS 2 requires accruing in stockholders' equity for share-based compensation expense as measured at fair value at the date of grant, and applies to those equity benefits granted to officers and employees (see Note 12). Before adopting IFRS 2, the Group recognized these equity benefits in consolidated stockholders' equity, when such benefits became vested. In connection with the adoption of IFRS 2, the Group recognized a non-taxable cumulative loss effect of accounting change at December 31, 2005, in the amount of Ps.323,534, which was reflected in its consolidated statement of income for the year then ended. Adoption of IFRS 2 is required under the scope of Mexican GAAP Bulletin A-8.

### s) 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, 2005, by using a restatement factor derived from the change in the NCPI, which for 2003 and 2004 was 1.0870 and 1.0333, 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 2003 and 2004 would have been 1.0902 and 1.0332, respectively.

The NCPI at the following dates was:

| | |
|---|---|
| December 31, 2002 | 102.904 |
| December 31, 2003 | 106.996 |
| December 31, 2004 | 112.550 |
| December 31, 2005 | 116.301 |

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

In 2003, the Group incurred in additional costs and expenses in the amount of Ps.69,736, net of an income tax benefit of Ps.32,816, in connection with the 2002 disposal of its former music recording business, which was reported as discontinued operations.

### t) New Mexican Financial Reporting Standards

Beginning June 1, 2004, the Mexican Board for Research and Development of Financial Reporting Standards ("Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera" or "CINIF"), assumed the responsibility for setting accounting and reporting standards in Mexico. In accordance with this responsibility, and after a due exposure process, in November 2005 the CINIF issued nine Financial Reporting Standards ("Normas de Información Financiera" or "NIFs") that became effective on January 1, 2006. The new NIFs are comprised by NIF A-1 through NIF A-8, and NIF B-1, "Accounting Changes and Error Corrections". NIF A-1 through NIF A-8 include a revised conceptual framework to develop Mexican accounting and reporting standards and achieve the convergence with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). Under this revised conceptual framework, the hierarchy of Mexican NIFs, is set up as follows: (i) NIF and NIF Interpretations ("INIF") issued by the CINIF; (ii) Bulletins of Mexican GAAP issued by the MIPA that have not been modified, replaced or superseded by new NIF; and (iii) those IFRS issued by the IASB recognized on a supplementary basis when no general or specific guidance is provided by Mexican GAAP Bulletins and/or NIFs. NIF A-1 through NIF A-8 are primarily standards of a general nature, and they are not expected to have a significant effect on the Group's consolidated financial statements.

The new NIF B-1, applies to all voluntary changes in accounting principles and changes required by new accounting pronouncements in the case that the pronouncement does not include specific transition provisions, requires retrospective application to prior periods' financial statements of accounting changes, and provides rules to determine the period-specific effects of an accounting change. NIF B-1 also provides guidance for the revision of previously issued financial statements to reflect the correction of an error. Through December 31, 2005, Mexican GAAP Bulletin A-7, "Comparability," required that changes in accounting principles to be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle.

## 2. Acquisitions and dispositions

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 is engaged in the CIE's live entertainment business in Mexico, in a gross amount of approximately U.S.$104.7 million, and recognized a related goodwill in the amount of Ps.781,534 resulting from the excess of the purchase price over the estimated carrying value of the related net assets of OCEN. In the first quarter of 2003, the Group made an additional capital contribution to OCEN in the amount of Ps.58,061 (see Notes 5 and 16). In December 2005, CIE paid to the Group an amount of Ps.49,195 as an adjustment to the purchase price paid by the Group in connection with certain conditions of this acquisition. Also, under the terms of the acquisition agreement, the purchase price paid by the Group is subject to be adjusted based on a formula of EBITDA (as defined) generated by OCEN in the three-year period ended December 31, 2005. This adjustment is expected to be settled by the parties in the first half of 2006 (see Note 7).

During 2003, the Group disposed its 10% minority interest in the capital stock of DTS Distribuidora de Televisión Digital, S.A. ("Vía 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 for cash proceeds of approximately 27.5 million euros (Ps.431,610) and the exchange of its remaining investment in this venture for a de minimus 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.484,595), which represented the excess of the cash and non-cash proceeds over the carrying value of the Group's net investment in Vía Digital at the transaction dates (see Note 19).

In May 2003 and January 2004, the Company made initial capital contributions of U.S.$2.5 million (Ps.29,128) and U.S.$1.0 million (Ps.11,521) to TuTv, 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 the shareholders of Grupo Televicentro, S.A. de C.V. ("Televicentro"), the former 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.$83.0 million (Ps.971,418), 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.7,297,538. Following this acquisition, the Group recognized the Company's shares owned by Telespecialidades as a share repurchase.

In April 2004, the Company sold its 30% minority interest in Grupo Europroducciones, S. A., a television programming producer in Spain, in the aggregate amount of approximately 7.5 million euros (Ps.120,120) in cash. As a result of this disposal, the Company recognized a net loss of approximately 8.0 million euros (Ps.126,536) as other expense in its consolidated statement of income for the year ended December 31, 2004.

In October 2004, in conjunction with a series of agreements entered into by and among the Group, DirecTV Group, Inc. ("DirecTV") and News Corp., the Group announced that (a) DirecTV Mexico agreed to sell its subscriber list to Sky Mexico; (b) News Corp. received an option to purchase an equity stake in Sky Mexico; (c) the Group would have the right to acquire two-thirds of Liberty Media's 10% equity interest in Sky Mexico; and (d) the Group agreed to sell, subject to certain conditions, its 30% equity interest in Sky Multi-Country Partners ("SMCP"), and was released of its satellite transponder guarantee in SMCP. Some of these agreements were amended subsequently. In November 2005, the Group concluded the disposition of its 30% interest in SMCP, and no gain or loss was recognized by the Group on this disposal since no carrying value was outstanding for such investment. In February 2006, affiliates of DirecTV completed the acquisition of equity interests in Sky Mexico, which were formerly held by News Corp. and Liberty Media. This acquisition included the capitalization of the purchase price of the list of subscribers sold by DirecTV Mexico to Sky Mexico in the aggregate amount of Ps.621,112. As a result of these transactions, the Group's equity stake in Sky Mexico was reduced from 60% to 52.7%, and DirecTV became the owner of the remaining 47.3% stake. If the Group exercises its right to acquire two-thirds of the equity interest that DirecTV acquired from Liberty Media, the Group would have to pay an amount of approximately U.S.$58.7 million (Ps.623,421), and the Group and DirecTV would own 58.7% and 41.3%, respectively, of Sky Mexico´s equity.

In November 2004, the Group sold its 51% interest in its nationwide paging service in Mexico. This transaction was approved by the Mexican regulatory authorities in March 2005. As a result of this disposal, the Group recognized a net loss of approximately Ps.5,275 as other expense in its consolidated statement of income for the year ended December 31, 2004.

During the second half of 2004, the Group acquired certain companies in an aggregate amount of Ps.338,438 (Ps.238,322 in cash and Ps.100,116 through the capitalization of liabilities), which net assets at the time of acquisitions consisted principally of tax loss carryforwards in the amount of approximately Ps.3,238,644, of which Ps.2,603,110 and Ps.425,158 were used by the Group in 2004 and 2005, respectively (see Note 20).

In October 2005, the Group acquired 40% of the outstanding capital stock of Gestora de Inversiones Audiovisuales La Sexta, S.A.U. ("La Sexta") for an aggregate amount of approximately 1.2 million euros (Ps.15,321). In November 2005, the government of Spain granted a concession to La Sexta for a free-to-air television channel. La Sexta expects to start operations in March 2006.

In October 2005, in a series of related transactions, the Group disposed its 30% interest in DTH TechCo Partners ("TechCo"), and was released of any obligation in connection with a guarantee granted by the Group in respect of certain TechCo's indebtedness. As a result of this disposal, the Group recognized a pretax loss of approximately Ps.160,141 as other expense, which primarily consisted of the aggregate amount of the carrying value of the Group's net investment in TechCo, which included all of the outstanding amounts receivable in connection with long-term loans made by the Group to TechCo (see Notes 5 and 19).

In October 2005, the Group agreed to participate with a 25% interest in Concesionaria Vuela Compañía de Aviación, S.A. de C.V. ("Volaris"), a new low-cost carrier airline with a concession to operate in Mexico. In December 2005, the Group made an initial capital contribution in Volaris of U.S.$25.0 million (Ps.270,840), and began to account for this investment by applying the equity method (see Note 5). Volaris started operations in March 2006.

In November 2005, the Group completed the acquisition of all of the outstanding equity of Comtelvi, S. de R.L. de C.V. ("Comtelvi"), an entity owned by a third party that at the time of acquisition had structured note investments and other financial instrument assets and liabilities, as well as tax losses of approximately Ps.3,311,527 that were used by the Group in the fourth quarter of 2005 (see Note 20). The total consideration paid in connection with this acquisition was the equivalent of U.S.$39.1 million (Ps.424,419), which was financed with cash on hand.

In December 2005, the Group entered into a series of agreements to acquire certain operating assets, which were owned by Editora Cinco, S.A., a Colombian publisher, comprising primarily a group of more than 70 magazine publishing trademarks and related rights in Mexico, Colombia, Chile and the United States, in an aggregate amount of approximately U.S.$14.4 million (Ps.153,150). This acquisition was completed by the Group in February 2006.

## 3. Trade notes and accounts receivable

Trade notes and accounts receivable as of December 31, 2004 and 2005, consisted of:

| | 2004 | 2005 |
|---|---|---|
| Non-interest bearing notes received as customer deposits and advances | Ps.10,553,476 | **Ps.12,299,271** |
| Accounts receivable, including value-added tax receivables related to advertising services | 2,210,158 | **2,693,762** |
| Allowance for doubtful accounts | (1,159,394) | **(1,096,733)** |
| | Ps.11,604,240 | **Ps.13,896,300** |

## 4. Transmission rights and programming

At December 31, 2004 and 2005, transmission rights and programming consisted of:

| | 2004 | 2005 |
|---|---|---|
| Transmission rights | Ps. 4,321,899 | **Ps. 3,399,876** |
| Programming | 4,033,188 | **3,641,592** |
| | 8,355,087 | **7,041,468** |
| **Non-current portion of:** | | |
| Transmission rights | 2,225,541 | **1,618,079** |
| Programming | 2,415,862 | **2,302,888** |
| | 4,641,403 | **3,920,967** |
| Current portion of transmission rights, and programming | Ps. 3,713,684 | **Ps. 3,120,501** |

## 5. Investments

At December 31, 2004 and 2005, the Group had the following investments:

| | 2004 | 2005 | Ownership % as of December 31, 2005 |
|---|---|---|---|
| **Accounted for by the equity method:** | | | |
| Univision [a] | Ps. 5,926,633 | **Ps. 5,658,406** | **9.9%** |
| OCEN (see Note 2) | 516,828 | **500,747** | **40.0%** |
| DTH TechCo Partners [b] | (833) | **—** | **30.0%** |
| Volaris (see Note 2) | — | **240,465** | **25.0%** |
| Other | 159,101 | **97,536** | |
| | 6,601,729 | **6,497,154** | |
| **Other investments:** | | | |
| Held-to-maturity securities (see Note 1 (g)) [c] | — | **893,855** | |
| Deposits in escrow [d] | 145,083 | **133,194** | |
| TechCo [b] | 144,960 | **—** | |
| Univision [a] | 23,653 | **23,653** | |
| Other | 67,512 | **39,653** | |
| | 381,208 | **1,090,355** | |
| | Ps. 6,982,937 | **Ps. 7,587,509** | |

[a] 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, 2004 and 2005, the Group owned 16,594,500 shares Class "A" and 13,593,034 shares Class "T" of common stock of Univision, as well as warrants to acquire 6,374,864 shares Class "A" and 2,727,136 shares Class "T" of common stock of Univision. Substantially all of these warrants can be exercised at a price of U.S.$38.261 per share, and expire in December 2017 (see Note 9). Any shares of Univision's common stock owned by the Group and those shares of Univision's 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. The warrants to purchase 6,274,864 shares of Univision's Class "A" Common Stock and 2,725,136 shares of Univision's Class "T" Common Stock are not accounted for at any cost since they were acquired by the Group as a consideration for surrendering certain governance rights previously held by the Group in Univision's. The warrants to purchase 100,000 shares of Univision's Class "A" Common Stock are accounted at acquisition cost and classified as other investments since the shares that may be purchased through these instruments are intended to be held by the Group as an equity investment in Univision (see Note 9). In September 2003, Univision and Hispanic Broadcasting Corporation ("HBC"), a leading Spanish-language radio group in the United States, completed a merger of their businesses. 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.3,057,553) in

2003 (see Note 14). The Group's ownership stake in Univision as of December 31, 2005, was approximately of 11.2% on a fully diluted basis. The carrying value of the Group's net investment in Univision at December 31, 2005, also included goodwill in the amount of Ps.5,478,928 (see Note 7). The quoted market price of Univision's common stock at December 31, 2005, and March 16, 2006, was U.S.$29.39 per share and U.S.$33.76, per share, respectively.

(b) General partnership engaged in providing technical services to DTH ventures in Latin America through September 2005. During 2004, the Group provided funding to TechCo for approximately U.S.$4.5 million (Ps.51,349) in the form of long-term notes with principal and interest maturities in 2008, bearing annual interest at LIBOR plus 2.5%. As of December 31, 2004, promissory notes and accrued interest receivable due from TechCo were approximately U.S.$12.6 million (Ps.144,960). Additionally, in the fourth quarter of 2004, the Group made a capital contribution to TechCo in the amount of U.S.$0.9 million (Ps.10,258). In October 2005, this investment was disposed by the Group (see Note 2).

(c) Held-to-maturity securities represent structured notes and corporate fixed income securities with maturities in 2008. These investments are stated at cost.

(d) 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, 2004 and 2005, of short-term securities of approximately U.S.$12.6 million (Ps.145,083) and U.S.$12.5 million (Ps.133,194), respectively. After the expiration of applicable tax statutes of limitations, the collateral will be reduced to a de minimus amount. The collateral agreement will terminate in approximately two years (see Note 11).

In 2003, 2004 and 2005, the Group recognized, in the consolidated statements of income, equity in earnings of affiliates of (Ps.30,747), (Ps.635,490), and (Ps.160,158), respectively, and in the consolidated other comprehensive income or loss (see Note 15), equity in the (gain) loss from holding non-monetary assets of affiliates of (Ps.68), (Ps.12) and Ps.889, respectively, equity in the translation (gain) loss effect of affiliates of (Ps.168,131), Ps.150,312 and Ps.290,379, respectively, and in 2004 and 2005, equity in the (gain) loss on issuance of shares of associates of (Ps.12,126) and Ps.189,400, respectively.

## 6. Property, plant and equipment

Property, plant and equipment as of December 31, 2004 and 2005, consists of:

| | 2004 | 2005 |
|---|---|---|
| Buildings | Ps. 7,807,516 | **Ps. 7,964,833** |
| Buildings improvements | 1,720,042 | **1,582,373** |
| Technical equipment | 17,810,157 | **17,970,490** |
| Satellite transponders | 1,714,647 | **1,636,152** |
| Furniture and fixtures | 596,442 | **500,070** |
| Transportation equipment | 1,172,949 | **1,105,876** |
| Computer equipment | 1,488,757 | **1,413,731** |
| | 32,310,510 | **32,173,525** |
| Accumulated depreciation | (16,993,039) | **(17,174,543)** |
| | 15,317,471 | **14,998,982** |
| Land | 3,827,822 | **3,820,812** |
| Construction in progress | 652,805 | **908,753** |
| | Ps.19,798,098 | **Ps.19,728,547** |

At December 31, 2004 and 2005, the Group's Mexican subsidiaries had technical, transportation and computer equipment of non-Mexican origin totaling Ps.4,866,867 and Ps.4,482,419, 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, 2004 and 2005 would have been Ps.20,447,360 and Ps.20,743,474, respectively.

Depreciation charged to income in 2003, 2004 and 2005 was Ps.1,392,876, Ps.1,870,125 and Ps.2,084,345, respectively, of which Ps.151,713 was recognized in 2003 as non-recurring charges in connection with the disposal of the nationwide paging business (see Note 18).

Satellite transponders are recorded as an asset equal to the net present value of committed payments under a 15-year service agreement entered into with PanAmSat Corporation ("PanAmSat") for 12 KU-band transponders on PanAmSat's satellite PAS-9 (see Note 8). As of December 31, 2004 and 2005, satellite transponders, net of accumulated depreciation, amounted to Ps.1,219,304 and Ps.1,054,409, respectively.

## 7. Intangible assets and deferred charges, net

The balances of intangible assets and deferred charges as of December 31, were as follows (see Note 1(i)):

| | 2004 Gross Carrying Amount | 2004 Accumulated Amortization | 2004 Net Carrying Amount | 2005 Gross Carrying Amount | 2005 Accumulated Amortization | 2005 Net Carrying Amount |
|---|---|---|---|---|---|---|
| Intangible assets with indefinite lives: | | | | | | |
| Goodwill | | | Ps. 7,771,617 | | | Ps. 7,200,018 |
| Publishing trademarks | | | 513,393 | | | 455,038 |
| Television network concession | | | 602,608 | | | 602,608 |
| Intangible assets with finite lives and deferred charges: | | | | | | |
| Licenses and software | Ps. 1,053,735 | Ps. (764,666) | 289,069 | Ps. 1,134,044 | Ps. (793,578) | 340,466 |
| Subscriber list | — | — | — | 570,047 | (137,249) | 432,798 |
| Other intangible assets | 232,224 | (113,105) | 119,119 | 195,791 | (72,937) | 122,854 |
| Deferred financing costs (see Note 8) | 409,795 | (243,843) | 165,952 | 1,059,585 | (200,094) | 859,491 |
| | Ps. 1,695,754 | Ps. (1,121,614) | Ps. 9,461,758 | Ps. 2,959,467 | Ps. (1,203,858) | Ps. 10,013,273 |

Amortization of intangible assets with finite lives (other than goodwill) and deferred financing costs charged to income in 2003, 2004 and 2005, was Ps.452,609, Ps.320,197 and Ps.424,729, respectively, of which Ps.2,744 in 2003, were recorded as other cost and expenses (see Note 19), Ps.33,146, Ps.32,783 and Ps.48,074 in 2003, 2004 and 2005, respectively, were recorded as interest expense (see Note 17) and Ps.13,381 and Ps.42,031 in 2004 and 2005, respectively, were recorded as non-recurring charges in connection with the extinguishment of long-term debt (see Note 18).

The changes in the net carrying amount of goodwill and trademarks for the year ended December 31, 2005, were as follows:

| | Balance as of December 31, 2004 | Acquisitions | Foreign Currency Translation Adjustments | Adjusted Goodwill/ Trademarks | Impairment Adjustments | Balance as of December 31, 2005 |
|---|---|---|---|---|---|---|
| **Business Segments:** | | | | | | |
| Television Broadcasting | Ps. 1,279,742 | Ps. 20,566 | Ps. — | Ps. — | Ps. — | Ps. 1,300,308 |
| Publishing Distribution | — | 23,670 | | | | 23,670 |
| Other Businesses | 36,499 | | | | | 36,499 |
| Equity-method investees | 6,455,376 | — | (258,471) | (357,364) | — | 5,839,541 |
| | Ps. 7,771,617 | Ps. 44,236 | Ps (258,471) | Ps (357,364) | Ps. — | Ps. 7,200,018 |
| Trademarks (Publishing) | Ps. 513,393 | Ps. — | Ps. (3,979) | Ps. (46,937) | Ps. (7,439) | Ps. 455,038 |

During 2005, the goodwill related to the Group's 40% investment in OCEN was adjusted in the amount of Ps.357,364 as a result of post-acquisition adjustments, a portion of which was paid to the Group in December 2005 (Ps.49,195) and the remaining will be settled in the second quarter of 2006 (see Notes 2 and 16).

## 8. Long-term debt and satellite transponder lease obligation

Long-term debt and satellite transponder lease obligation outstanding as of December 31, were as follows:

| | 2004 | 2005 |
|---|---|---|
| U.S.$5.3 million 11.875% Series "B" Senior Notes due 2006 (1) | Ps. 61,554 | Ps. 56,777 |
| U.S.$200.0 million 8.625% Senior Notes due 2005 (2) | 2,304,112 | — |
| U.S.$300.0 in 2004 and U.S.$75.5 million in 2005 8% Senior Notes due 2011 (2) (3) | 3,456,169 | 802,131 |
| U.S.$300.0 million 8.50% Senior Notes due 2032 (2) | 3,456,169 | 3,187,950 |
| U.S.$600.0 million 6.625% Senior Notes due 2025 (2) (3) | — | 6,375,900 |
| U.S.$88.0 million 12.875% Senior Notes due 2007 (4) | 1,013,810 | — |
| U.S.$300.0 million 9.375% Senior Notes due 2013 (5) | 3,456,169 | 3,187,950 |
| Other U.S. dollar debt (6) | 108,622 | 42,062 |
| 8.15% UDI-denominated Notes due 2007 (3) (7) | 3,966,662 | 941,071 |
| Mexican peso long-term loans (8) | 4,011,851 | 3,882,460 |
| Sky Mexico's long-term loan (4) | 1,045,727 | — |
| Other Mexican peso bank loans (9) | 99,199 | 446 |
| Other currency debt | 2,068 | 950 |
| Total long-term debt | 22,982,112 | 18,477,697 |
| Less: Current portion | 3,406,973 | 340,457 |
| Long-term debt, net of current portion | Ps.19,575,139 | Ps.18,137,240 |
| | | |
| Satellite transponder lease obligation (10) | Ps. 1,441,861 | Ps. 1,262,537 |
| Less: Current portion | 73,101 | 75,604 |
| Satellite transponder lease obligation, net of current portion | Ps. 1,368,760 | Ps. 1,186,933 |

(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, 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 these securities, including additional amounts payable in respect of certain Mexican withholding taxes, is 12.49% per annum and is payable semi-annually.

(2) 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. Interest on the Senior Notes due 2005, 2011, 2025 and 2032, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.07%, 8.41%, 6.97% and 8.94% per annum, respectively, and is payable semi-annually. 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. The Senior Notes due 2011 and 2032 were priced at 98.793% and 99.431%, respectively, for a yield to maturity of 8.179% and 8.553%, respectively. The agreement of these Senior Notes contains covenants that limit the ability of the Company and certain restricted subsidiaries engaged in Television Broadcasting, Pay Television Networks and Programming Exports, 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.

(3) In March and May 2005, the Company issued these Senior Notes in the aggregate amount of U.S.$400.0 million and U.S.$200.0 million, respectively, which were priced at 98.081% and 98.632%, respectively, for a yield to maturity of 6.802% and 6.787%, respectively. The net proceeds of the U.S.$400.0 million issuance, together with cash on hand, were used to fund the Group's tender offers made and expired in March 2005 for any or all of the Senior Notes due 2011 and the Mexican peso equivalent of UDI-denominated Notes due 2007, and prepaid principal amount of these securities in the amount of approximately U.S.$222.0 million and Ps.2,935,097 (nominal), respectively, representing approximately 74% and 76% of the outstanding principal amount of these securities, respectively. The net proceeds of the U.S.$200.0 million issuance were used for corporate purposes, including the prepayment of some of the Group's outstanding indebtedness.

[4] In January 2005, Sky Mexico prepaid all of the outstanding amounts of these Senior Notes by using the net proceeds of a long-term credit agreement entered into in December 2004 by Innova with a Mexican bank in the aggregate principal amount of Ps.1,045,727 (Ps.1,012,000 nominal), with a partial maturity (50%) in 2010 and the remainder in 2011, and interest of 10.55% per annum payable on a monthly basis. In July 2005, Innova prepaid all of the outstanding amounts of the Ps.1,045,727 loan with the net proceeds of a long-term credit agreement entered into by Sky Mexico with the Company in the same principal amount, and with the same maturity and interest conditions.

[5] In September 2003, Innova completed the offering of these unsecured and unsubordinated Senior Notes, which indentures contain certain restrictive covenants for Innova on additional indebtedness, liens, sales and leasebacks, restricted payments, asset sales, and certain mergers, consolidations and similar transactions. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.8580%, and is payable semi-annually. Innova may, at its own option, redeem these Senior Notes, in whole or in part, at any time on or after September 19, 2008 at redemption prices from 104.6875% to 101.5625% between September 19, 2008 through September 18, 2011, or 100% commencing on September 19, 2011, plus accrued and unpaid interest, if any. Additionally, on or before September 19, 2006, Innova may, at its own option and subject to certain requirements, use the proceeds from one or more qualified equity offerings to redeem up to 35% of the aggregate principal amount of these Senior Notes at 109.375% of their principal amount, plus accrued and unpaid interest.

[6] Includes notes payable to banks, bearing annual interest rates which vary between 0.11 and 1.25 points above LIBOR. The maturities of this debt at December 31, 2005, are various from 2006 to 2010.

[7] Notes denominated in Mexican Investment Units ("Unidades de Inversión" or "UDIs"), representing 1,086,007,800 UDIs and 258,711,400 UDIs at December 31, 2004 and 2005, respectively . Interest on these notes is payable semi-annually. The balance as of December 31, 2004 and 2005 includes restatement of Ps.866,681 and Ps.226,404, respectively. The UDI value as of December 31, 2005, was of Ps.3.637532 per UDI.

[8] In May 2003, May 2004 and October 2004, the Company entered into long-term credit agreements with a Mexican bank in an aggregate amount of Ps.800,000, Ps.1,162,500 and Ps.2,000,000, respectively, with various maturities from 2004 to 2012. Interest on these loans is, in a range of 8.925% to 10.35% per annum, and is payable on a monthly basis. The net proceeds of these loans were primarily used to pay, prepay and refinance amounts outstanding under certain Company's debt with original maturities from 2003 to 2006. Under the terms of these credit agreements, the Company and certain restricted subsidiaries engaged in television broadcasting, pay television networks and programming exports are required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense; and (b) certain restrictive covenants on indebtedness, dividend payments, issuance and sale of capital stock, and liens.

[9] The 2004 balance also include a long-term loan of Ps.99,199, 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. In May 2005, the Group prepaid all of the outstanding amounts of a Ps.80.0 million long-term loan, which originally matured in 2006.

[10] Sky Mexico is committed to pay a monthly fee of U.S.$1.7 million under a capital lease agreement entered into with PanAmSat Corporation in February 1999 for satellite signal reception and retransmission service from 12 KU-band transponders on satellite PAS-9, which became operational in September 2000. The service term for PAS-9 will end at the earlier of (a) the end of 15 years or (b) the date PAS-9 is taken out of service. The present value of Sky Mexico future obligations from the PAS-9 agreement was determined using the Sky Mexico incremental borrowing rate at the lease commencement date of 11.5% (see Note 6). Through September 2004, the obligations of Sky Mexico under the PAS-9 agreement were proportionately guaranteed by the Company and the other Sky Mexico equity owners in relation to their respective ownership interests. Beginning October 2004, this obligation is being guaranteed by the Company at 51% (see Note 11).

### Subsequent event

On March 10, 2006, Sky Mexico entered into a Ps.2,100,000 10-year loan with a Mexican bank with an interest rate of 8.74% per annum, which was guaranteed by the Company. The proceeds of this loan together with cash on hand and/or other sources of financing will be used by Sky Mexico to finance a cash tender offer and consent solicitation, together with fees and expenses to be incurred in connection therewith, for up to U.S.$195.0 million aggregate principal amount of its outstanding U.S.$300.0 million 9.375% Senior Notes due 2013. The tender offer and the consent solicitation started on March 13, 2006 and are expected to end on April 10 and March 27, 2006, respectively.

### Maturities of debt and satellite transponder lease obligation

Debt maturities for the years subsequent to December 31, 2005, are as follows:

| | |
|---|---|
| 2006 | Ps. 340,457 |
| 2007 | 946,024 |
| 2008 | 484,836 |
| 2009 | 1,163,171 |
| 2010 | 1,026,822 |
| Thereafter | 14,516,387 |
| | Ps. 18,477,697 |

Future minimum payments under satellite transponder lease obligation for the years subsequent to December 31, 2005, are as follows:

| | |
|---|---|
| 2006 | Ps. 216,781 |
| 2007 | 216,781 |
| 2008 | 216,781 |
| 2009 | 216,781 |
| 2010 | 216,781 |
| Thereafter | 1,012,621 |
| | 2,096,526 |
| Less: amount representing interest | 833,989 |
| | Ps. 1,262,537 |

## 9. Financial instruments

The Group's financial instruments recorded on the balance sheet include cash, temporary investments, accounts and notes receivable, held-to-maturity securities, accounts payable, debt and derivative financial instruments. For cash, temporary investments, accounts receivable accounts 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 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 held-to-maturity securities, and currency option, interest rate swap and share put option agreements was based on quotes obtained from financial institutions.

The estimated fair values of the Group's financial instruments at December 31, 2004 and 2005 were as follows:

| | 2004 | | 2005 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| **Assets:** | | | | |
| Univision warrants (see Note 5) | Ps. 23,653 | Ps. 1,519,424 | **Ps. 23,653** | **Ps. 1,318,326** |
| Held-to-maturity securities (see Note 5) | — | — | **893,855** | **884,113** |
| **Liabilities:** | | | | |
| Senior Notes due 2005, 2011, 2025 and 2032 | Ps. 9,216,450 | Ps. 10,361,940 | **Ps.10,365,981** | **Ps. 11,280,616** |
| Other long-term debt securities | 4,531,533 | 5,025,258 | **3,244,727** | **3,577,637** |
| UDI-denominated long-term securities | 3,966,662 | 4,298,260 | **941,071** | **1,002,817** |
| Long-term notes payable to Mexican banks | 5,057,578 | 5,199,561 | **3,882,460** | **3,964,110** |
| **Derivative financial instruments:** | | | | |
| **Assets:** | | | | |
| UDI forwards [a] | Ps. 104,927 | Ps. 146,631 | **Ps. —** | **Ps. —** |
| **Liabilities:** | | | | |
| Sky Mexico's interest rate swaps [b] | Ps. — | Ps. 12,200 | **Ps. 73,522** | **Ps. 73,522** |
| Foreign currency forwards [c] | 24,954 | 43,897 | **3,366** | **3,366** |
| Interest rate swaps [d] | 20,294 | 32,837 | **300,481** | **300,481** |

[a] In connection with the notes denominated in Mexican Investment Units ("Unidades de Inversión" or "UDIs"), during April, 2004, the Company entered into forward contracts with three financial institutions covering the total amount of UDIs payable at the maturity of the notes in 2007. Through these contracts, the Company fixed the price of the UDI at Ps.3.41067 in exchange for payments of interest over the notional amount in pesos at an average rate of 4.06% with half-yearly payments. As of December 31, 2004, the Company recorded a net benefit of Ps.104,927 derived from the difference in the price of the UDI published by the Mexican Central Bank at that date and the price fixed in these contracts. In March 2005, in connection with the issuance of the Senior Notes due 2025 and as a result of the tender offer of the UDI-denominated Notes due 2007, the Company terminated early these contracts and recorded an additional net benefit of Ps.6,302, in the year ended December 31, 2005.

[b] In February 2004, Sky Mexico entered into coupon swap agreements to hedge a portion of its U.S. dollar foreign exchange exposure related to its Senior Notes due 2013. Under these transactions, Sky Mexico receives semi-annual payments calculated based on the aggregate notional amount of U.S.$300.0 million at an annual rate of 9.375%, and Sky Mexico makes monthly payments calculated based on an aggregate notional amount of approximately Ps.3,282,225 at an annual rate of 10.25%. These transactions will terminate in September 2008. As of December 31, 2005, Sky Mexico recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange loss).

[c] In 2004 and 2005, the Company entered into forward contracts with diverse financial institutions to buy U.S.$185.0 million of the Senior Notes due 2005 for hedge purposes. The average price fixed in these agreements was Ps.11.73 per U.S. dollar. In the years ended December 31, 2004 and 2005, as a result of the depreciation of the exchange rate of the U.S. dollar in relation to the Mexican peso, the Company recorded a loss for these transactions of Ps.24,954 and Ps.148,955, respectively, in the integral cost of financing (foreign exchange gain or loss). In addition, as of December 31, 2005, the Group had entered into forward exchange contracts to cover cash flow requirements on a notional amount of U.S.$85.0 million to exchange U.S. dollars and Mexican pesos at an average exchange rate of Ps.10.85 per U.S. dollar in 2006.

[d] In order to reduce the adverse effects of exchange rates on the Senior Notes due 2011, 2025 and 2032, during 2004 and 2005, the Company entered into interest rate swap agreements with various financial institutions that allow the Company to hedge against Mexican peso depreciation on interest payments for a period of five years. Under these transactions, the Company receives semi-annual payments based on the aggregate notional amount of U.S.$550.0 million and U.S.$890.0 million as of December 31, 2004 and 2005, respectively, at an average annual rate of 8.27% and 7.37%, respectively, and the Company makes semi-annual payments based on an aggregate notional amount of approximately Ps.6,177,191 and Ps.9,897,573 as of December 31, 2004 and 2005, respectively, at an average annual rate of 9.26% and 8.28% respectively, without an exchange of the notional amount upon which the payments are based. As of December 31, 2004, the Company recorded a loss in the integral cost of financing (foreign exchange loss) derived of comparing the interest payable calculated at the exchange rate of the balance sheet date at year-end. In the year ended December 31, 2005, the Company recorded a loss of Ps.368,345 in the integral cost of financing (foreign exchange loss) derived of the change in fair value of these transactions. In November 2005, The Group entered into option contracts that allow the counterparty to extend the maturity of the swap agreements for one additional year on notional amount of U.S.$890.0 million.

## 10. Pension plans, seniority premiums and severance indemnities

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 2003, 2004 and 2005. 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. In the third quarter of 2004 and 2005, the Group made a cash contribution of approximately Ps.69,939 (nominal) and Ps.4,996 (nominal), respectively, to its 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, 2004 and 2005. Pension and seniority premium benefits are paid when they become due.

The pension plan, seniority premium and severance indemnity liability (see Note 1 (n)) as of December 31, 2004 and 2005, was as follows:

| | 2004 | 2005 |
|---|---|---|
| **Seniority premiums:** | | |
| Actuarial present value of benefit obligations: | | |
| Vested benefit obligations | Ps. 160,244 | Ps. 153,110 |
| Nonvested benefit obligations | 68,843 | 79,691 |
| Accumulated benefit obligation | 229,087 | 232,801 |
| Benefit attributable to projected salaries | 17,473 | 18,484 |
| Projected benefit obligation | 246,560 | 251,285 |
| Plan assets | 366,057 | 450,594 |
| Projected benefit obligation in excess of plan assets | 119,497 | 199,309 |
| Items to be amortized over a 12-year period: | | |
| Transition obligation | 139,004 | 118,424 |
| Unrecognized prior service cost | (109,883) | (108,879) |
| Unrecognized net loss (gain) from experience differences | 72,747 | (8,361) |
| | 101,868 | 1,184 |
| Net projected asset | 221,365 | 200,493 |
| **Pension plans:** | | |
| Actuarial present value of benefit obligations: | | |
| Vested benefit obligations | 233,192 | 273,862 |
| Nonvested benefit obligations | 280,498 | 295,036 |
| Accumulated benefit obligation | 513,690 | 568,898 |
| Benefit attributable to projected salaries | 134,529 | 144,218 |
| Projected benefit obligation | 648,219 | 713,116 |
| Plan assets | 788,636 | 975,350 |
| Projected benefit obligation in excess of plan assets | 140,417 | 262,234 |
| Items to be amortized over a 19-year period: | | |
| Transition obligation | 136,311 | 123,959 |
| Unrecognized prior service cost | (16,628) | (14,727) |
| Unrecognized net loss from experience differences | (340,706) | (473,084) |
| | (221,023) | (363,852) |
| Net projected liability | (80,606) | (101,618) |
| **Severance indemnities:** | | |
| Actuarial present value of benefit obligations: | | |
| Vested benefit obligations | — | — |
| Nonvested benefit obligations | — | 265,862 |
| Accumulated benefit obligation | — | 265,862 |
| Benefit attributable to projected salaries | — | 25,173 |
| Projected benefit obligation | — | 291,035 |
| Plan assets | — | — |
| Net projected liability | — | (291,035) |
| Total labor assets (liabilities) | Ps. 140,759 | Ps. (192,160) |

The net pension and seniority premium cost for 2003, 2004 and 2005 was Ps.134,138, Ps.87,600 and Ps.89,728, respectively.

## 11. Commitments and contingencies

At December 31, 2005, the Group had commitments in an aggregate amount of Ps.192,330, of which Ps.144,850 were commitments related to Sky Mexico projects, Ps.35,072 were commitments for the acquisition of software and related services, and Ps.12,408 were commitments to acquire television technical equipment.

In 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, 2005, the Group had commitments to acquire from Endemol programming formats through this venture for up to U.S.$11.1 million (Ps.117,485) through 2006.

In the second half of 2005, the Group entered into a series of agreements with EMI Group PLC ("EMI"), a world leading recording music company, by which (i) a 50/50 joint venture music company ("Televisa EMI Music") was created in Mexico in October 2005; and (ii) the Group became a 50/50 partner of EMI's U.S. Latin music operations ("EMI Televisa Music") beginning September 1, 2005. In accordance with the terms of such agreements, and under certain specific circumstances, (i) in the case of Televisa EMI Music, either party will have the right to acquire the other party's interest in Televisa EMI Music in accordance with an agreed formula, and (ii) in the case of EMI Televisa Music, the Group may require EMI to purchase or EMI may require the Group to sell its 50% interest in the U.S. venture operations. These joint ventures did not require any significant capital funding by the Group during 2005. The Group may fund up to 50% of certain working capital requirements of EMI Televisa Music during 2006, in the form of long-term loans.

The Group has granted collateral in connection with certain indemnification obligations (see Note 5), which includes a deposit of approximately U.S.$12.5 million (Ps.133,194) of short-term securities as of December 31, 2005.

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 asset tax liability for the year 1994. The Company believes it has meritorious defense against this claim.

At December 31, 2005, 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 |
|---|---|
| 2006 | U.S.$ 14,866 |
| 2007 | 14,418 |
| 2008 | 13,067 |
| 2009 | 10,898 |
| 2010 and thereafter | 24,404 |
| | U.S.$ 77,653 |

In October 2004, in conjunction with a series of agreements entered into by the Company with DirecTV and News Corp., the Company entered into an amended and restated guarantee related to Sky Mexico's minimum commitment for use of transponders over a period ending 2015, pursuant to which the proportionate share of Sky Mexico's transponder lease obligation guaranteed by the Company was reduced from 60% to 51%, and will remain at 51% until the Group's percentage ownership of Sky Mexico is adjusted. This guarantee is estimated to be an aggregate of approximately U.S.$101.4 million (undiscounted) as of December 31, 2005 (see Notes 8 and 9).

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.153,860) and U.S.$1.8 million (Ps.21,073), respectively. As of December 31, 2005, the Group has accrued Ps.34,777 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.

# 12. Capital Stock, Stock Purchase Plan and Long-term Retention Plan

## Capital Stock

The Company has four classes of capital stock: Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, with no par value. The Series "A" Shares and Series "B" Shares are common shares. The Series "D" Shares are limited-voting and preferred dividend shares, with a preference upon liquidation. The Series "L" Shares are limited-voting shares.

The Company's shares are publicly traded in Mexico, primarily in the form of Ordinary Participation Certificates ("CPOs"), each CPO representing 117 shares comprised of 25 Series "A" Shares, 22 Series "B" Shares, 35 Series "D" Shares and 35 Series "L" Shares; and in the United States in the form of Global Depositary Shares ("GDS"), each GDS representing 20 CPOs. Non-Mexican holders of CPOs do not have voting rights with respect to the Series "A", Series "B" and Series "D" Shares. In March 2006, the Company announced a proposed change from 20 to five CPOs representing each GDS, which is expected to be effective on March 22, 2006.

At December 31, 2005, shares of capital stock and CPOs consisted of (in thousands):

| | Authorized and Issued [(1)] | Repurchased by the Company [(2)] | Acquired by a Company's Trust [(3)] | Acquired by a Company's Subsidiary [(4)] | Outstanding |
|---|---|---|---|---|---|
| Series "A" Shares | 124,736,244 | (1,166,260) | (7,406,648) | (1,917,483) | 114,245,853 |
| Series "B" Shares | 60,269,682 | (1,026,309) | (4,019,585) | (1,253,198) | 53,970,590 |
| Series "D" Shares | 92,133,722 | (1,632,764) | (2,677,881) | (1,960,833) | 85,862,244 |
| Series "L" Shares | 92,133,722 | (1,632,764) | (2,677,881) | (1,960,833) | 85,862,244 |
| Total shares | 369,273,370 | (5,458,097) | (16,781,995) | (7,092,347) | 339,940,931 |
| Shares in the form of CPOs [(5)] | 307,989,072 | (5,458,097) | (8,951,772) | (6,554,784) | 287,024,419 |
| CPOs [(5)] | 2,632,385 | (46,650) | (76,511) | (56,024) | 2,453,200 |

(1) In April 2004, the Company's stockholders approved a restructuring of the Company's capital stock (the "Recapitalization"), which comprised the following: (i) a 25-for-one stock split, which became effective on July 26, 2004 (all the Company's share and per share data in these financial statements are presented on a post-split basis); (ii) the creation of the Series "B" Shares; (iii) a 14-for-25 stock dividend in the amount of Ps.968,262 (nominal of Ps.906,114); and (iv) an increase in the number of shares represented by each outstanding CPO. The Recapitalization increased the number of the Company's shares by a factor of 39 on a pre-split basis but did not affect the Company's total equity or dilute the equity interest of any shareholder.

(2) In 2003, 2004 and 2005 the Company repurchased 2,370,007, 1,813,102 and 3,645,463 shares, respectively, in the form of 31,600, 15,497 and 31,158 CPOs, respectively, in the amount of Ps.579,821, Ps.403,107 and Ps.1,065,165, respectively, in connection with a three-year share repurchase program of up to U.S.$400.0 million, exercised at the discretion of management and subject to legal, market and other conditions. In April and December 2003, the Company's stockholders approved the cancellation of 2,370,068 shares of capital stock in the form of 31,601 CPOs, which were primarily repurchased under this program. In 2004, the Company resold 468 shares in the form of 4 CPOs, repurchased under this program, in the amount of Ps.105.

(3) In December 2003, in connection with the approval of the Company's shareholders to issue additional Series "A" Shares for the Long-Term Retention Plan described below, the Company increased its capital stock in the amount of Ps.4,373,269 by issuing additional 10,757,689 Series "A" Shares, not in the form of CPOs, of which Ps.3,967,836 were recognized as additional paid-in capital. Following this capital stock increase, the 10,757,689 Series "A" Shares were acquired by a Company's trust for the purpose of implementing the Company's Long-Term Retention Plan.

(4) In connection with the Company's Stock Purchase Plan described below.

(5) In the second half of 2004, the Company issued 392,837 additional CPO's by combining 9,820,921 Series "A" Shares, 8,642,411 Series "B" Shares, 13,749,290 Series "D" Shares and 13,749,290 Series "L" Shares, not in the form of CPO's, which were owned by certain shareholders (equivalent to 312,880 CPO's), and were acquired by a Company´s trust (equivalent to 76,511 CPO's) and a Company's subsidiary (equivalent to 3,446 CPO's). Additionally, in April 2005, the Company issued 4 additional CPO's by combining 107 Series "A" Shares, 94 Series "B" Shares, 150 Series "D" Shares and 150 Series "L" Shares, not in the form of CPO's, which were acquired by a Group's trust for a pension plan.

Under the Company's bylaws, the Company's Board of Directors consists of 20 members, of which the holders of Series "A" Shares, Series "B" Shares, Series "D" Shares and Series "L" Shares, each voting as a class, are entitled to elect eleven members, five members, 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.0.00034177575 per share) before any dividends are payable in respect of Series "A" Shares, Series "B" Shares or Series "L" Shares. Holders of Series "A" Shares, Series "B" Shares and Series "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. 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.0.00683551495 per share) before any distribution is made in respect of Series "A", Series "B" Shares and Series "L" Shares.

At December 31, 2005, the restated tax value of the Company's common stock was Ps.21,864,415. In the event of any capital reduction in excess of the tax value of the Company's common stock, such excess will be treated as dividends for income tax purposes (see Note 14).

### Stock Purchase Plan

The Company adopted a Stock Purchase 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 employees. Pursuant to this Plan, as of December 31, 2005, the Company had assigned approximately 118.2 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, some of which have been registered pursuant to a registration statement on Form S-8 under the Securities Act of the United States, can only be transferred to the plan participants when the conditions set forth in the Plan and the related agreements are satisfied. During 2003, 2004 and 2005, 5.0 million CPOs, approximately 42.5 million CPOs, and approximately 26.9 million CPOs, respectively, were exercised pursuant to this Plan in the amount of Ps.77,934, Ps.605,621 and Ps.312,879, respectively, and transferred to the Plan participants. In October 2004, those Series "B", Series "D" and Series "L" Shares, together with certain Series "A" Shares, not in the form of CPOs and previously held by the trust, were exchanged by 3.4 million CPOs.

### 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 Purchase Plan described above, and provides for the grant and sale of the Company's capital stock to key Group employees. In December 2003, the designated trust acquired approximately 10,757.7 million Series "A" Shares (not in the form of CPOs) for the purposes of the Company's Retention Plan. As a result of the Recapitalization described above and other related transactions, the trust designated for the implementation of the Retention Plan received a number of Series "B", Series "D" and Series "L" Shares against the delivery of the same number of Series "A" Shares. In October 2004, certain Series "A", Series "B", Series "D" and Series "L" Shares, held by the trust, were exchanged by approximately 76.5 million CPOs.

As of December 31, 2005, the designated trust owned approximately 143.4 million CPOs or CPOs equivalents, including approximately 7.6 million CPOs or CPOs equivalents that have been reserved to a group of employees, and may be granted at a price of approximately Ps.28.05 per CPO, subject to certain conditions, in vesting periods between 2008 and 2023. As of December 31, 2005, The Company had assigned under the Retention Plan approximately 46.8 million CPOs, at an exercise price of Ps.13.45 per CPO, subject to certain conditions. Shares assigned to employees under the Retention Plan are estimated to be vested over a period between 2008 and 2010.

The Group determined the stock-based compensation expense, as required by IFRS 2 (see Note 1 (r)), by using the Black-Scholes pricing model at the date on which the stock was granted to personnel under the Group's stock-based compensation plans, on the following weighted-average assumptions:

| | December 31, 2005 |
|---|---|
| Dividend yield | 3.0% |
| Expected volatility [1] | 22.34% |
| Risk-free interest rate | 8.2% |
| Expected life of awards (in years) | 4.1 years |

[1] Volatility was determined by reference to historically observed prices of the Group's CPO.

A summary of the stock awards for employees as of December 31, 2005, is presented below (in constant pesos and thousands of CPOs):

| | Stock Purchase Plan | | Long-term Retention Plan | |
|---|---|---|---|---|
| | CPOs | Weighted-Average Exercise Price | CPOs | Weighted-Average Exercise Price |
| Granted | 120,490 | 13.40 | 47,823 | 13.45 |
| Exercised | (69,988) | 13.13 | – | – |
| Forfeited | (2,320) | 13.40 | (1,039) | 13.45 |
| Outstanding at end of year | 48,182 | 15.41 | 46,784 | 13.45 |
| Exercisable at end of year | 4,472 | 11.45 | – | – |

As of December 31, 2005, the weighted-average remaining contractual life of the awards under the Stock Purchase Plan and the Long-term Retention Plan is 0.8 and 3.1 years, respectively.

## 13. 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 2003, 2004 and 2005, the Company's stockholders approved increases to the legal reserve amounting to Ps.41,695, Ps.195,469 and Ps.223,030, 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.

In prior years the Company's stockholders approved appropriating from retained earnings a reserve amounting to Ps.7,191,798 for the repurchase of shares, at the discretion of management. Through December 31, 2005, this reserve has been used in an amount of Ps.1,447,215, in connection with the cancellation of shares repurchased by the Company.

Unappropriated earnings as of December 31, 2004 and 2005 are comprised of (i) accumulated earnings from prior years for an amount of Ps.14,206,139 and Ps.14,137,927, respectively; (ii) cumulative charges in connection with the acquisition of shares of the Company made by subsidiaries and a subsequently cancelled or sold in an amount of Ps.2,301,303 and Ps.2,316,937, respectively; and (iii) other unappropriated earnings in an amount of Ps.13,160.

In April 2003, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.621,603 (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 cash in June 2003.

In April 2004, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,114,065 (nominal Ps.3,850,000), which consisted of nominal Ps.1.21982800845 per CPO and nominal Ps.0.40660933615 per former Series "A" Share (not in the form of a CPO), and was paid in cash in May 2004.

In April 2004, in connection with the Recapitalization of the Company (see Note 12), the Company's stockholders approved a stock dividend in the amount of Ps.968,262 (nominal Ps.906,114).

In April 2005, the Company´s stockholders approved the payment of a dividend in the aggregate amount of Ps.4,305,789 (nominal Ps.4,214,750), which consisted of nominal Ps.1.35 per CPO and nominal Ps.0.01153846153 per former Series "A", Series "B", Series "D" and Series "L" Shares (not in the form of CPO units), and was paid in cash in May 2005.

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 40.85% or 38.89% income tax to be paid by the companies paying the dividends in 2006 or 2007, respectively.

At December 31, 2005, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.1,783,763. In addition, the payment of dividends is restricted under certain circumstances by the terms of certain Mexican peso loan agreements (see Note 8).

## 14. Comprehensive income

Comprehensive income related to the majority interest for the years ended December 31, 2003, 2004 and 2005, was as follows:

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Net income | Ps. 3,909,381 | Ps. 4,460,607 | **Ps. 6,125,542** |
| Other comprehensive (loss) income, net: | | | |
| Foreign currency translation adjustments, net [1] | (166,141) | (200,651) | **(178,171)** |
| Result from holding non-monetary assets, net [2] | 285,104 | (131,764) | **(531,349)** |
| Gain (loss) on equity accounts of investees (see Note 5) [3] | 3,133,953 | 123,591 | **(189,400)** |
| Total other comprehensive income (loss), net | 3,252,916 | (208,824) | **(898,920)** |
| Comprehensive income | Ps. 7,162,297 | Ps. 4,251,783 | **Ps. 5,226,622** |

(1) The amounts for 2003, 2004 and 2005 include the foreign exchange (loss) gain of (Ps.509,774), Ps.44,064 and Ps.416,856, respectively, which were hedged by the Group's net investment in Univision (see Notes 1(c) and 17).

(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 (provision) benefit of (Ps.162,351), Ps.56,656 and Ps.212,665 for the years ended December 31, 2003, 2004 and 2005, respectively.

(3) Represents the gains or losses on the dilution of investments in equity investees and the recognition of the components of other comprehensive income recorded by the equity investees.

The changes in components of accumulated other comprehensive (loss) income for the years ended December 31, 2003, 2004 and 2005, were as follows:

| | Gain on Issuance of Shares of Investees | Accumulated Monetary Result | Cumulative Result from Holding Non-Monetary Assets | Cumulative Result from Foreign Currency Translation | Cumulative Effect of Deferred Income Taxes | Accumulated Other Comprehensive (Loss) Income |
|---|---|---|---|---|---|---|
| Balance at January 1, 2003 | Ps. 796,771 | Ps. (32,591) | Ps. (2,024,173) | Ps. (1,444,979) | Ps. (2,986,569) | Ps. (5,691,541) |
| Current year change | 3,133,953 | — | 285,104 | (166,141) | — | 3,252,916 |
| Balance at December 31, 2003 | 3,930,724 | (32,591) | (1,739,069) | (1,611,120) | (2,986,569) | (2,438,625) |
| Current year change | 123,591 | — | (131,763) | (200,652) | — | (208,824) |
| Balance at December 31, 2004 | 4,054,315 | (32,591) | (1,870,832) | (1,811,772) | (2,986,569) | (2,647,449) |
| Current year change | (189,400) | — | (531,349) | (178,171) | — | (898,920) |
| Balance at December 31, **2005** | **Ps. 3,864,915** | **Ps. (32,591)** | **Ps. (2,402,181)** | **Ps. (1,989,943)** | **Ps. (2,986,569)** | **Ps. (3,546,369)** |

Cumulative result from holding non-monetary assets as of December 31, 2003, 2004 and 2005 is net of a deferred income tax benefit of Ps.63,171, Ps.119,828 and Ps.332,493, respectively.

## 15. Minority interest

Minority interest at December 31, 2004 and 2005, consisted of:

| | 2004 | 2005 |
|---|---|---|
| Capital stock | Ps. 3,791,218 | **Ps. 3,790,762** |
| Retained earnings | (3,849,687) | **(3,662,595)** |
| Cumulative result from holding non-monetary assets | (248,055) | **(305,124)** |
| Accumulated monetary result | (6,999) | **(850)** |
| Cumulative effect of deferred income taxes | (50,514) | **(55,342)** |
| Net income for the year | 239,475 | **1,084,021** |
| | Ps. (124,562) | **Ps. 850,872** |

## 16. Transactions with related parties

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

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| **Revenues:** | | | |
| Royalties (Univision) (a) | Ps. 1,163,210 | Ps. 1,135,025 | **Ps. 1,107,178** |
| Soccer transmission rights (Univision) | 45,607 | 73,582 | **91,647** |
| Programming production and transmission rights (b) | 334,557 | 226,249 | **93,202** |
| Administrative services (c) | 75,618 | 53,626 | **73,738** |
| Interest income | 136,909 | 926 | **1,245** |
| Advertising (d) | 225,534 | 112,000 | **32,396** |
| | Ps. 1,981,435 | Ps. 1,601,408 | **Ps. 1,399,406** |
| **Costs:** | | | |
| Donations | Ps. 75,513 | Ps. 95,290 | **Ps. 106,171** |
| Administrative services (c) | 40,583 | 5,635 | **26,607** |
| Other | 61,710 | 77,116 | **233,304** |
| | Ps. 177,806 | Ps. 178,041 | **Ps. 366,082** |

(a) The Group receives royalties from Univision for programming provided pursuant to a program license agreement that expires in December 2017. Royalties are determined based upon a percentage of combined net sales of Univision, which was 9% plus an incremental percentage of up to 3% over additional sales in 2003, 2004 and 2005.

(b) Services rendered to Innova and other affiliates in 2003, Innova for the three months ended March 31, 2004, and Endemol and other affiliates in 2004 and 2005.

(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 2003 and for the three months ended March 31, 2004, and to OCEN and Univision in 2003, 2004 and 2005.

Other transactions with related parties carried out by the Group in the normal course of business include the following:

(a) A consulting firm owned by a relative of one of the Group's directors, which has, from time to time, provided consulting services and research in connection with the effects of the Group's programming on its viewing audience.

(b) From time to time, a Mexican bank made loans to the Group, on terms substantially similar to those offered by the bank to third parties. One of the Group's directors is a member of the board of this bank and another of the Group's directors is the Chairman of the board of this bank. Also, other members of the Group's Board serve as board members of this bank.

(c) Two of the Group's directors and one of the Group's alternate directors are members of the board as well as shareholders of a Mexican company, which is a producer, distributor and exporter of beer in Mexico. Such company purchases advertising services from the Group in connection with the promotion of its products from time to time, paying rates applicable to third-party advertisers for these advertising services.

(d) Several other members of the Group's current board serve as members of the boards and/or shareholders of other companies, some of which purchased advertising services from the Group in connection with the promotion of their respective products and services.

(e) During 2003, 2004 and 2005, 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.8,774, Ps.19,184 and Ps.17,717, respectively.

The balances of receivables and (payables) between the Group and affiliates as of December 31, 2004 and 2005, were as follows:

| | 2004 | 2005 |
|---|---|---|
| DirecTV (payable in connection with the acquisition of a subscriber list, see Notes 2 and 7) | Ps. — | Ps. (704,868) |
| CIE ( see Notes 2 and 7) | — | 191,277 |
| News Corp. (see Note 2) | (59,198) | (46,314) |
| OCEN (see Note 2) | (7,527) | 3,642 |
| Univision (see Note 5) | 90,156 | 88,976 |
| Other | 55,530 | 11,384 |
| | Ps. 78,961 | Ps. (455,903) |

All significant account balances included in amounts due from affiliates bear interest. In 2003, 2004 and 2005, average interest rates of 7.07%, 6.9% and 9.6%, 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, 2004 and 2005 included deposits and advances from affiliates in an aggregate amount of Ps.390,426 and Ps.127,913, respectively, which were made by Univision, Editorial Clío, Libros y Videos, S.A. de C.V., OCEN and CIE.

## 17. Integral cost of financing

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

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Interest expense [(1)] | Ps. 1,495,413 | Ps. 2,165,217 | Ps. 2,134,499 |
| Interest income | (706,409) | (678,391) | (932,124) |
| Foreign exchange (gain) loss, net [(2)] | (210,170) | 95,179 | 727,547 |
| Loss (gain) from monetary position [(3)] | 89,135 | (15,318) | (147,892) |
| | Ps. 667,969 | Ps. 1,566,687 | Ps. 1,782,030 |

(1) Interest expense in 2003 includes Ps.151,448, derived from the restatement of the Company's UDI-denominated debt securities, and in 2004 and 2005 includes Ps.209,232 and Ps.38,077, respectively, derived from the UDI index restatement of Company's UDI-denominated debt securities and a net gain from related derivative contracts of Ps.31,387 and Ps.6,302, respectively, (see Notes 8 and 9).

(2) Net foreign exchange gain in 2003 includes a net loss from foreign currency option contracts of Ps.19,375 and net foreign exchange loss in 2004 and 2005 includes a net loss from foreign currency derivative contracts of Ps.99,468 and Ps.712,259, respectively. A foreign exchange loss in 2003 of Ps.509,774, and a foreign exchange gain in 2004 and 2005 of Ps.44,064 and Ps.416,856, 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 14).

(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. It also includes monetary loss in 2003, 2004 and 2005 of Ps.147,438, Ps.187,800 and Ps.133,220, respectively, arising from temporary differences of non-monetary items in calculating deferred income tax (see Note 20).

## 18. Restructuring and non-recurring charges

Restructuring and non-recurring charges for the years ended December 31, are analyzed as follows:

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Restructuring charges: | | | |
| Severance costs | Ps. 205,430 | Ps. 151,196 | Ps. 41,352 |
| Non-recurring charges: | | | |
| Payment of vested and non-vested salary benefits [1] | 308,915 | — | — |
| Loss on disposal of nationwide paging business (see Notes 2 and 6) | 178,889 | — | — |
| Impairment adjustments [2] | — | 237,665 | 7,439 |
| Expenses of debt placement [3] | — | — | 181,111 |
| Other | 21,172 | 19,562 | — |
| | Ps. 714,406 | Ps. 408,423 | Ps. 229,902 |

(1) Benefits paid to certain of the Group's union employees.

(2) During 2004, the Group tested for impairment the carrying value of goodwill and other intangible assets. As a result of such testing, impairment adjustments were made to goodwill related primarily to the Group's Publishing Distribution segment and publishing trademarks in the amount of Ps.196,225 and Ps.41,440, respectively. For purposes of the goodwill impairment test, the fair value of the related reporting unit was estimated using appraised valuations by experts.

(3) Related with Senior Notes due 2011 and Notes denominated in Mexican Investment Units (UDIs) due 2007 (see Note 8).

## 19. Other expense, net

Other (income) expense for the years ended December 31, is analyzed as follows:

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| (Gain) loss on disposition of investments, net (see Note 2) | Ps. (482,781) | Ps. 138,284 | Ps. 172,286 |
| Amortization of goodwill (see Note 1(i)) | 500,755 | — | — |
| Provision for doubtful non-trade accounts and write-off of other receivables | 11,555 | 39,028 | 14,925 |
| Write-off of goodwill (see Note 2 ) [1] | 123,847 | — | — |
| Donations (see Note 16) | 175,983 | 170,847 | 120,048 |
| Financial advisory and professional services [2] | 55,783 | 69,145 | 72,479 |
| Loss on disposition of fixed assets | 230,976 | 68,581 | 111,090 |
| Other (income) expense, net | (25,617) | 46,275 | (26,608) |
| | Ps. 590,501 | Ps. 532,160 | Ps. 464,220 |

(1) In 2003, write-offs of unamortized goodwill in the amount of Ps.123,847, were recognized in connection with the recoverability evaluation of certain long-lived assets of the Group.

(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 16).

## 20. Income tax, asset tax and employees' profit sharing

The Company is authorized by the Mexican tax authorities to compute its income tax and asset 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 a certain percentage of their share ownership in such subsidiaries, which was 60% through December 31, 2004, and 100% beginning January 1, 2005. The asset tax is computed on a fully consolidated basis.

The Mexican corporate income tax rate in 2003, 2004 and 2005 was 34%, 33% and 30%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in 2006 will be 29%, and in subsequent years will be 28%. Consequently, the effect of this gradual decrease in the income tax rate reduced the Group's deferred income tax liability in 2003, 2004 and 2005.

The income tax provision for the years ended December 31, 2003, 2004 and 2005, was comprised as follows:

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Income tax and asset tax, current | Ps. 1,136,994 | Ps. 578,701 | Ps. 1,539,020 |
| Income tax and asset tax, deferred | (360,946) | 630,108 | (787,777) |
| | Ps. 776,048 | Ps. 1,208,809 | Ps. 751,243 |

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 asset tax.

| | 2003 % | 2004 % | 2005 % |
|---|---|---|---|
| Tax at the statutory rate on income before provisions | 34 | 33 | 30 |
| Differences in inflation adjustments for tax and book purposes | 2 | 2 | 1 |
| Hedge | (3) | — | 1 |
| Non-deductible items | 4 | 3 | — |
| Special tax consolidation items | (1) | — | (2) |
| Unconsolidated income tax | 6 | 2 | — |
| Minority interest | 11 | (4) | (2) |
| Excess in tax provision of prior years | 4 | (2) | (1) |
| Changes in valuation allowances: | | | |
| Asset tax | 6 | 4 | — |
| Tax loss carryforwards | — | 5 | (1) |
| Effect of change in income tax rates | 4 | — | — |
| Foreign operations | (18) | (9) | (5) |
| Recoverable income tax from repurchase of shares | — | (5) | — |
| Use of unconsolidated tax losses [a] | (32) | (10) | (12) |
| Provision for income tax and the asset tax | 17 | 19 | 9 |

(a) In 2003 and 2004, this amount represents the effect of the use of tax loss carryforwards arising from the acquisition of Telespecialidades in June 2003 and certain other subsidiaries in the second half of 2004. In 2005, this amount represents the effect of the use of tax losses in connection with the acquisition of Comtelvi (see Note 2).

The Group has tax loss carryforwards at December 31, 2005, as follows:

| | Amount | Expiration |
|---|---|---|
| Operating tax loss carryforwards: | | |
| Unconsolidated: | | |
| Mexican subsidiaries [1] | Ps. 3,762,178 | From 2006 to 2015 |
| Non-Mexican subsidiaries [2] | 936,277 | From 2006 to 2024 |
| | 4,698,455 | |
| Capital tax loss carryforwards: | | |
| Unconsolidated Mexican subsidiary [3] | 388,320 | From 2009 to 2015 |
| | Ps. 5,086,775 | |

[1] During 2003, 2004 and 2005, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.6,973,809, Ps.2,186,619 and Ps.447,651, respectively. In 2005, includes the operating tax loss carryforwards related to the minority interest of Sky Mexico.

[2] Approximately the equivalent of U.S.$88.1 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 asset tax rate is 1.8%. The asset 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, 2005, the Company had Ps.1,089,203 of asset tax subject to be credited and expiring between 2007 and 2013.

The deferred taxes as of December 31, 2004 and 2005, were principally derived from the following temporary differences:

| | 2004 | 2005 |
|---|---|---|
| **Assets:** | | |
| Accrued liabilities | Ps. 784,965 | **Ps. 806,837** |
| Goodwill | 881,452 | **801,307** |
| Tax loss carryforwards | 1,573,582 | **1,245,149** |
| Allowance for doubtful accounts | 428,037 | **412,697** |
| Customer advances | 1,604,641 | **1,378,988** |
| Other items | 324,868 | **221,434** |
| **Liabilities:** | | |
| Inventories | (756,675) | **(216,332)** |
| Property, plant and equipment, net | (1,178,787) | **(999,494)** |
| Prepaid expenses | (1,650,498) | **(1,299,000)** |
| Innova | (1,620,793) | **(1,322,182)** |
| Deferred-income taxes of Mexican companies | 390,792 | **1,029,404** |
| Deferred income taxes of foreign subsidiaries | 54,586 | **(56,313)** |
| Asset tax | 1,475,108 | **1,384,233** |
| Valuation allowances [a] | (3,527,175) | **(2,555,530)** |
| Deferred income tax liability | (1,606,689) | **(198,206)** |
| Effect of change of income tax rates | 189,534 | **32,549** |
| Deferred income tax liability - net | Ps. (1,417,155) | **Ps. (165,657)** |

[a] Reflects valuation allowances of foreign subsidiaries of Ps.366,171 and Ps.280,883 at December 31, 2004 and 2005, respectively.

A roll forward of the Group's valuation allowance for 2005 is as follows:

| | Tax Loss Carryforwards | Asset Tax | Goodwill | Total |
|---|---|---|---|---|
| Balance at beginning of year | Ps.(1,939,753) | Ps. (705,970) | Ps. (881,452) | Ps. (3,527,175) |
| Increases | — | (72,173) | — | (72,173) |
| Decreases | 963,673 | — | 80,145 | 1,043,818 |
| Balance at end of year | Ps. (976,080) | Ps. (778,143) | Ps. (801,307) | Ps. (2,555,530) |

The change in the deferred income tax liability for the year ended December 31, 2005, representing a charge of Ps.1,251,498, was recorded against the following accounts:

| | |
|---|---|
| Charge to the gain from monetary position [1] | **Ps. (87,509)** |
| Credit to the result from holding non-monetary assets | **212,665** |
| Credit to the provision for deferred income tax | **787,777** |
| Credit to the cumulative effect of accounting changes | **75,721** |
| Acquisition of companies (see Note 2) | **262,844** |
| | **Ps. 1,251,498** |

[1] Net of Ps.133,220, representing the effect on restatement of the non-monetary items included in the deferred tax calculation.

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).

## 21. Earnings per CPO/Share

During the years ended December 31, 2003, 2004 and 2005, the weighted average of outstanding total shares, CPOs and Series "A", Series "B", Series "D" and Series "L" Shares (not in the form of CPO units), was as follows (in thousands):

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Total Shares | 352,421,221 | 345,205,994 | 341,158,189 |
| CPOs | 2,166,320 | 2,293,867 | 2,463,608 |
| Shares not in the form of CPO units: | | | |
| Series "A" Shares | 57,387,552 | 55,524,135 | 52,915,759 |
| Series "B" Shares | 8,214,835 | 5,305,998 | 108 |
| Series "D" Shares | 11,255,911 | 6,645,321 | 113 |
| Series "L" Shares | 11,255,911 | 6,645,321 | 113 |

Earnings (loss) per CPO and per each Series "A", Series "B", Series "D" and Series "L" Share (not in the form of a CPO unit) for the years ended December 31, 2003, 2004 and 2005, are presented as follows:

| | 2003 | | 2004 | | 2005 | |
|---|---|---|---|---|---|---|
| | Per CPO | Per Series "A" Share | Per CPO | Per Series "A" Share | Per CPO | Per Each Series "A", B", "D" and "L" Share |
| Continuing operations | Ps. 1.38 | Ps. 0.01 | Ps. 1.89 | Ps. 0.02 | Ps. 2.28 | Ps. 0.02 |
| Discontinued operations | (0.02) | — | — | — | — | — |
| Cumulative loss effect of accounting changes | — | — | (0.36) | — | (0.17) | — |
| Net income | Ps. 1.36 | Ps. 0.01 | Ps. 1.53 | Ps. 0.02 | Ps. 2.11 | Ps. 0.02 |

## 22. Foreign currency position

The foreign currency position of monetary items of the Group at December 31, 2005, was as follows:

| | Foreign Currency Amounts (Thousands) | Year-End Exchange Rate | Mexican Pesos |
|---|---|---|---|
| **Assets:** | | | |
| U.S. dollars | 650,314 | Ps. 10.6265 | Ps. 6,910,562 |
| Euros | 98,855 | 12.5864 | 1,244,232 |
| Chilean pesos | 8,230,648 | 0.0207 | 170,374 |
| Other currencies | | | 181,738 |
| **Liabilities:** | | | |
| U.S. dollars (1) | 1,589,904 | Ps. 10.6265 | Ps. 16,895,115 |
| Chilean pesos | 9,436,425 | 0.0207 | 195,334 |
| Other currencies | | | 158,698 |

(1) Includes U.S.$775.5 million (Ps.8,240,681) 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, 2005, was as follows:

| | Foreign Currency Amounts (Thousands) | | Year-End Exchange Rate | | Mexican Pesos [1] |
|---|---|---|---|---|---|
| **Property, plant and equipment:** | | | | | |
| U.S. dollars | 315,036 | Ps. | 10.6265 | Ps. | 3,347,728 |
| Japanese yen | 3,970,094 | | 0.0910 | | 361,279 |
| Euros | 14,949 | | 12.5864 | | 188,153 |
| Other currencies | | | | | 141,361 |
| **Transmission rights and programming:** | | | | | |
| U.S. dollars | 382,054 | Ps. | 10.6265 | Ps. | 4,059,893 |
| Other currencies | | | | | 133,638 |

[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 2005 in foreign currencies were as follows:

| | | U.S. Dollar (Thousands) | | U.S. Dollar Equivalent of other Foreign Currency Transactions (Thousands) | | Total U.S. Dollar (Thousands) | | Mexican Pesos [1] |
|---|---|---|---|---|---|---|---|---|
| **Income:** | | | | | | | | |
| Revenues | $ | 340,192 | $ | 44,923 | $ | 385,115 | Ps. | 4,092,424 |
| Other income | | 4,384 | | 886 | | 5,270 | | 56,002 |
| Interest income | | 17,095 | | 164 | | 17,259 | | 183,403 |
| | $ | 361,671 | $ | 45,973 | $ | 407,644 | Ps. | 4,331,829 |
| **Purchases, costs and expenses:** | | | | | | | | |
| Purchases of inventories | $ | 215,433 | $ | 13,219 | $ | 228,652 | Ps. | 2,429,770 |
| Purchases of property and equipment | | 85,020 | | 2,346 | | 87,366 | | 928,395 |
| Investments | | 64,847 | | 1,631 | | 66,478 | | 706,429 |
| Costs and expenses | | 303,263 | | 43,516 | | 346,779 | | 3,685,047 |
| Interest expense | | 123,424 | | 222 | | 123,646 | | 1,313,924 |
| | $ | 791,987 | $ | 60,934 | $ | 852,921 | Ps. | 9,063,565 |

[1] Income statement amounts translated at the year-end exchange rate of Ps.10.6265 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2005 the exchange rate was Ps.10.6265 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 March 16, 2006, the exchange rate was Ps.10.6460 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

## 23. Segment data

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-owned 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.

### Pay Television Networks

The pay television networks 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. Pay television network 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 Exports

The programming exports segment consists of the international licensing of television programming. Programming exports 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.

### Sky Mexico

The Sky Mexico segment includes direct-to-home ("DTH") broadcast satellite pay television services in Mexico. Sky Mexico's revenues are primarily derived from program services, installation fees and equipment rental to subscribers, and national advertising sales.

### 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 non-affiliated radio stations.

### Other Businesses

The other businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, nationwide paging (through October 2004), feature film production and distribution, Internet operations and dubbing services for Mexican and multinational companies (through October 2003).

The table below presents information by segment for the years ended December 31, 2003, 2004 and 2005.

| | Total Revenues | Intersegment Revenues | Consolidated Revenues | Operating Income (Loss) Before Depreciation and Amortization | Depreciation and Amortization Expense | Operating Income (Loss) |
|---|---|---|---|---|---|---|
| **2003:** | | | | | | |
| Television Broadcasting | Ps.16,725,131 | Ps. 76,209 | Ps.16,648,922 | Ps. 7,108,984 | Ps. 1,003,430 | Ps. 6,105,554 |
| Pay Television Networks | 760,525 | 60,736 | 699,789 | 167,736 | 43,058 | 124,678 |
| Programming Exports | 1,771,921 | — | 1,771,921 | 541,339 | 8,049 | 533,290 |
| Publishing | 1,943,225 | 1,757 | 1,941,468 | 376,233 | 20,536 | 355,697 |
| Publishing Distribution | 1,930,693 | 7,192 | 1,923,501 | 9,396 | 22,028 | (12,632) |
| Cable Television | 1,072,299 | 5,296 | 1,067,003 | 327,636 | 196,207 | 131,429 |
| Radio | 270,987 | 51,173 | 219,814 | 24,441 | 16,888 | 7,553 |
| Other Businesses | 1,479,661 | 139,693 | 1,339,968 | (163,870) | 347,686 | (511,556) |
| Eliminations and corporate expenses | (342,056) | (342,056) | — | (162,291) | — | (162,291) |
| Consolidated total | Ps.25,612,386 | Ps. — | Ps.25,612,386 | Ps. 8,229,604 | Ps. 1,657,882 | Ps. 6,571,722 |
| **2004:** | | | | | | |
| Television Broadcasting | Ps.17,671,898 | Ps. 423,566 | Ps.17,248,332 | Ps. 8,018,817 | Ps. 1,073,742 | Ps. 6,945,075 |
| Pay Television Networks | 827,472 | 115,878 | 711,594 | 308,471 | 21,472 | 286,999 |
| Programming Exports | 1,981,205 | — | 1,981,205 | 756,110 | 7,434 | 748,676 |
| Publishing | 2,163,131 | 5,145 | 2,157,986 | 438,888 | 24,289 | 414,599 |
| Publishing Distribution | 1,626,435 | 8,392 | 1,618,043 | (26,227) | 23,725 | (49,952) |
| Sky Mexico | 3,758,154 | 44,427 | 3,713,727 | 1,383,190 | 585,782 | 797,408 |
| Cable Television | 1,165,514 | 3,641 | 1,161,873 | 368,434 | 291,643 | 76,791 |
| Radio | 305,623 | 50,998 | 254,625 | 32,804 | 19,533 | 13,271 |
| Other Businesses | 1,547,428 | 103,604 | 1,443,824 | (132,113) | 96,538 | (228,651) |
| Eliminations and corporate expenses | (755,651) | (755,651) | — | (161,173) | — | (161,173) |
| Consolidated total | Ps.30,291,209 | Ps. — | Ps.30,291,209 | Ps.10,987,201 | Ps. 2,144,158 | Ps. 8,843,043 |
| **2005:** | | | | | | |
| Television Broadcasting | **Ps. 18,570,795** | **Ps. 548,423** | **Ps. 18,022,372** | **Ps. 8,852,616** | **Ps. 1,017,747** | **Ps. 7,834,869** |
| Pay Television Networks | **1,111,176** | **293,042** | **818,134** | **518,074** | **25,914** | **492,160** |
| Programming Exports | **1,875,916** | **—** | **1,875,916** | **668,682** | **4,520** | **664,162** |
| Publishing | **2,505,499** | **38,571** | **2,466,928** | **480,067** | **26,069** | **453,998** |
| Publishing Distribution | **402,193** | **10,223** | **391,970** | **6,601** | **21,760** | **(15,159)** |
| Sky Mexico | **5,986,527** | **31,945** | **5,954,582** | **2,516,798** | **945,011** | **1,571,787** |
| Cable Television | **1,405,145** | **2,884** | **1,402,261** | **489,560** | **313,994** | **175,566** |
| Radio | **344,733** | **51,245** | **293,488** | **52,200** | **19,441** | **32,759** |
| Other Businesses | **1,324,209** | **68,819** | **1,255,390** | **(180,371)** | **44,513** | **(224,884)** |
| Eliminations and corporate expenses | **(1,045,152)** | **(1,045,152)** | **—** | **(182,471)** | **—** | **(182,471)** |
| Consolidated total | **Ps. 32,481,041** | **Ps. —** | **Ps. 32,481,041** | **Ps. 13,221,756** | **Ps. 2,418,969** | **Ps. 10,802,787** |

## 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, 2003, 2004 and 2005.

| | Segment Assets at Year-End | Segment Liabilities at Year-End | Additions to Property, Plant and Equipment |
|---|---|---|---|
| **2003:** | | | |
| Continuing operations: | | | |
| Television operations [1] | Ps. 45,846,708 | Ps. 20,794,230 | Ps. 816,278 |
| Publishing | 2,020,936 | 395,798 | 11,550 |
| Publishing Distribution | 1,053,855 | 429,303 | 23,021 |
| Cable Television | 2,299,789 | 527,424 | 191,588 |
| Radio | 460,354 | 55,445 | 15,271 |
| Other Businesses | 3,611,691 | 2,056,900 | 86,020 |
| Total | Ps. 55,293,333 | Ps. 24,259,100 | Ps. 1,143,728 |
| **2004:** | | | |
| Continuing operations: | | | |
| Television operations [1] | Ps. 47,875,058 | Ps. 21,314,279 | Ps. 863,261 |
| Publishing | 2,052,906 | 298,379 | 55,069 |
| Publishing Distribution | 1,035,995 | 380,682 | 34,597 |
| Sky Mexico | 4,676,557 | 7,487,229 | 677,515 |
| Cable Television | 2,091,915 | 335,503 | 413,778 |
| Radio | 470,918 | 56,473 | 9,244 |
| Other Businesses | 3,426,748 | 574,176 | 41,068 |
| Total | Ps. 61,630,097 | Ps. 30,446,721 | Ps. 2,094,532 |
| **2005:** | | | |
| Continuing operations: | | | |
| Television operations [1] | **Ps. 46,279,220** | **Ps. 22,193,129** | **Ps. 875,176** |
| Publishing | **2,063,554** | **347,080** | **10,576** |
| Publishing Distribution | **916,661** | **426,295** | **5,790** |
| Sky Mexico | **4,553,301** | **5,976,590** | **1,187,381** |
| Cable Television | **2,333,206** | **469,382** | **556,656** |
| Radio | **513,739** | **69,654** | **13,323** |
| Other Businesses | **3,404,529** | **259,394** | **89,193** |
| Total | **Ps. 60,064,210** | **Ps. 29,741,524** | **Ps. 2,738,095** |

[1] Segment assets and liabilities information is not maintained by the Group for each of the Television Broadcasting, Pay Television Networks and Programming Exports 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:

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Segment assets | Ps. 55,293,333 | Ps. 61,630,097 | **Ps. 60,064,210** |
| Investments attributable to: | | | |
| Television operations [1] | 11,930,754 | 11,884,922 | **12,235,964** |
| Other segments | 590,677 | 700,458 | **850,858** |
| DTH ventures [2] | 381,475 | 155,343 | **—** |
| Goodwill — net attributable to: | | | |
| Television operations | 1,279,743 | 1,279,745 | **1,300,316** |
| Publishing distribution | 182,493 | — | **23,670** |
| Other segments | 732,549 | 734,086 | **376,719** |
| Total assets | Ps. 70,391,024 | Ps. 76,384,651 | **Ps. 74,851,737** |

(1) Includes goodwill attributable to equity investments of Ps.5,921,053, Ps.5,757,787 and Ps.5,499,313 in 2003, 2004 and 2005, respectively.

(2) Includes goodwill attributable to investments in DTH ventures of Ps.110,299 in 2003.

Equity method income for the years ended December 31, 2003, 2004 and 2005 attributable to television operations, equity investments approximated Ps.126,313, Ps.263,577 and Ps.179,225, respectively.

Segment liabilities reconcile to total liabilities as follows:

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Segment liabilities | Ps. 24,259,100 | Ps. 30,446,721 | **Ps. 29,741,524** |
| Notes payable and long-term debt not attributable to segments | 16,211,771 | 17,413,942 | **15,246,289** |
| Total liabilities | Ps. 40,470,871 | Ps. 47,860,663 | **Ps. 44,987,813** |

## Geographical segment information

| | Total Net Sales | Segment Assets at Year-End | Additions to Property, Plant and Equipment |
|---|---|---|---|
| **2003:** | | | |
| Mexico | Ps. 21,153,701 | Ps. 51,464,962 | Ps. 1,093,026 |
| Other countries | 4,458,685 | 3,828,371 | 50,702 |
| | Ps. 25,612,386 | Ps. 55,293,333 | Ps. 1,143,728 |
| **2004:** | | | |
| Mexico | Ps. 25,629,888 | Ps. 53,353,431 | Ps. 2,035,245 |
| Other countries | 4,661,321 | 8,276,666 | 59,287 |
| | Ps. 30,291,209 | Ps. 61,630,097 | Ps. 2,094,532 |
| **2005:** | | | |
| Mexico | **Ps. 28,717,614** | **Ps. 53,664,187** | **Ps. 2,708,402** |
| Other countries | **3,763,427** | **6,400,023** | **29,693** |
| | **Ps. 32,481,041** | **Ps. 60,064,210** | **Ps. 2,738,095** |

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

# terms WE USE

**ARPU:** average revenue per user.
**Audience share:** the number of television sets tuned into the company's programs as a percentage of the number of households watching conventional over-the-air television during that period, without regard to the number of viewers.
**CAGR:** compounded annual growth rate.
**Churn:** the number of subscribers who cancel their subscriptions during the year, divided by the sum of the total number of subscribers at the beginning of the year and the number of new subscribers added during the year.
**Ratings:** the number of television sets tuned into the company's programs as a percentage of the total number of all television households.
**OIBDA:** operating income before depreciation and amortization.
**SMS:** short messaging service
**Telenovela:** soap opera.
**Triple play:** integrated data, voice, and video services.