Report of Independent Auditors

PRICEWATERHOUSECOOPERS

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

México, D. F., April 14, 2008

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

We have audited the accompanying consolidated balance sheets of Grupo Televisa, S.A.B. (the "Company") and its subsidiaries as of December 31, 2006 and 2007, and the related consolidated statements of income, of changes in stockholders' equity and of changes in financial position for the years ended December 31, 2005, 2006 and 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 presented in accordance with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the standards of financial information used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Televisa, S.A.B. and its subsidiaries at December 31, 2006 and 2007, and the consolidated results of their operations, changes in their stockholders' equity and changes in their financial position for the three years ended December 31, 2005, 2006 and 2007 in conformity with Mexican Financial Reporting Standards.

PricewaterhouseCoopers

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

Consolidated Balance Sheets

As of December 31, 2006 and 2007
(In thousands of Mexican pesos in purchasing power as of December 31, 2007)
(Notes 1 and 2)

	Notes	2006	2007
Assets			
Current:			
Cash		Ps. 701,245	Ps. 843,531
Temporary investments		15,703,829	26,461,365
		16,405,074	27,304,896
Trade notes and accounts receivable, net	3	14,108,702	17,294,674
Other accounts and notes receivable, net		1,544,287	2,590,330
Due from affiliated companies	16	191,761	195,023
Transmission rights and programming	4	3,167,943	3,154,681
Inventories		801,943	833,996
Available-for-sale investment		12,266,318	–
Other current assets		800,068	653,260
Total current assets		49,286,096	52,026,860
Transmission rights and programming	4	3,557,738	5,252,748
Investments	5	5,959,873	8,115,584
Property, plant and equipment, net	6	21,764,425	25,171,331
Intangible assets and deferred charges, net	7	5,592,695	8,098,667
Other assets		25,325	38,286
Total assets		Ps. 86,186,152	Ps. 98,703,476

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

Consolidated Balance Sheets

As of December 31, 2006 and 2007
(In thousands of Mexican pesos in purchasing power as of December 31, 2007)
(Notes 1 and 2)

	Notes	2006	2007
Liabilities			
Current:			
Current portion of long-term debt	8	Ps. 1,023,445	Ps. 488,650
Current portion of satellite transponder lease obligation	8	89,415	97,696
Trade accounts payable		3,580,467	4,457,519
Customer deposits and advances		17,528,635	17,145,053
Taxes payable		1,223,814	684,497
Accrued interest		271,915	307,814
Due to affiliated companies	16	39,566	127,191
Other accrued liabilities		2,124,712	2,173,926
Total current liabilities		25,881,969	25,482,346
Long-term debt, net of current portion	8	18,464,257	24,433,387
Satellite transponder lease obligation, net of current portion	8	1,162,531	1,035,134
Customer deposits and advances		278,282	2,665,185
Other long-term liabilities		541,671	2,849,369
Deferred taxes	19	1,544,741	1,272,834
Pension plans, seniority premiums and severance indemnities	10	297,824	314,921
Total liabilities		48,171,275	58,053,176
Commitments and contingencies	11		
Stockholders' Equity			
Capital stock issued, no par value	12	10,506,856	10,267,570
Additional paid-in capital		4,547,944	4,547,944
		15,054,800	14,815,514
Retained earnings:	13		
Legal reserve		2,135,423	2,135,423
Reserve for repurchase of shares		4,626,882	1,240,869
Unappropriated earnings		17,343,579	21,713,378
Net income for the year		8,908,943	8,082,463
		33,014,827	33,172,133
Accumulated other comprehensive loss, net	14	(3,808,377)	(3,009,468)
Shares repurchased	12	(7,888,974)	(7,939,066)
		21,317,476	22,223,599
Total majority interest		36,372,276	37,039,113
Minority interest	15	1,642,601	3,611,187
Total stockholders' equity		38,014,877	40,650,300
Total liabilities and stockholders' equity		Ps. 86,186,152	Ps. 98,703,476

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

Consolidated Statements of Income

For the Years Ended December 31, 2005, 2006 and 2007
(In thousands of Mexican pesos in purchasing power as of December 31, 2007, except per CPO amounts)
(Notes 1 and 2)

	Notes	2005	2006	2007
Net sales	22	Ps. 35,068,013	Ps. 39,357,699	Ps. 41,561,526
Cost of sales (excluding depreciation and amortization)		15,927,359	16,791,197	18,128,007
Selling expenses (excluding depreciation and amortization)		2,877,753	3,130,230	3,277,526
Administrative expenses (excluding depreciation and amortization)		1,988,090	2,390,785	2,452,027
Depreciation and amortization	6 and 7	2,611,629	2,779,772	3,223,070
Operating income	22	11,663,182	14,265,715	14,480,896
Other expense, net	17	770,899	888,070	953,352
Integral cost of financing, net	18	1,923,961	1,141,028	410,214
Equity in (earnings) losses of affiliates, net	5	(172,913)	624,843	749,299
Income before income taxes		9,141,235	11,611,774	12,368,031
Income taxes	19	811,076	2,092,478	3,349,641
Income before cumulative loss of accounting change		8,330,159	9,519,296	9,018,390
Cumulative loss of accounting change, net	1 (n) (r)	546,386	–	–
Consolidated net income		7,783,773	9,519,296	9,018,390
Minority interest net income	15	1,170,359	610,353	935,927
Majority interest net income	13	Ps. 6,613,414	Ps. 8,908,943	Ps. 8,082,463
Majority interest net income per CPO	20	Ps. 2.27	Ps. 3.07	Ps. 2.84

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, 2005, 2006 and 2007
(In thousands of Mexican pesos in purchasing power as of December 31, 2007)
(Notes 1 and 2)

	Capital Stock Issued (Note 12)	Additional Paid-In Capital	Retained Earnings (Note 13)	Accumulated Other Comprehensive Loss (Note 14)	Shares Repurchased (Note 12)	Total Majority Interest	Minority Interest (Note 15)	Total Stockholders' Equity
Balance at January 1, 2005	Ps. 10,677,114	Ps. 4,547,944	Ps. 25,586,027	Ps. (2,858,311)	Ps. (7,022,500)	Ps. 30,930,274	Ps. (134,482)	Ps. 30,795,792
Dividends	–	–	(4,648,726)	–	–	(4,648,726)	–	(4,648,726)
Repurchase of capital stock	–	–	–	–	(1,289,552)	(1,289,552)	–	(1,289,552)
Sale of repurchase shares	–	–	(366,181)	–	705,792	339,611	–	339,611
Increase in minority interest	–	–	–	–	–	–	1,053,123	1,053,123
Stock-based compensation	–	–	349,302	–	–	349,302	–	349,302
Comprehensive income (loss)	–	–	6,613,414	(970,514)	–	5,642,900	–	5,642,900
Balance at December 31, 2005	10,677,114	4,547,944	27,533,836	(3,828,825)	(7,606,260)	31,323,809	918,641	32,242,450
Dividends	–	–	(1,161,839)	–	–	(1,161,839)	–	(1,161,839)
Share cancellation	(170,258)	–	(1,575,231)	–	1,745,489	–	–	–
Repurchase of capital stock	–	–	–	–	(3,224,515)	(3,224,515)	–	(3,224,515)
Sale of repurchase shares	–	–	(609,049)	–	1,196,312	587,263	–	587,263
Increase in minority interest	–	–	–	–	–	–	723,960	723,960
Benefit from capital contribution of minority interest in Sky	–	–	385,596	–	–	385,596	–	385,596
Loss on minority interest acquisition of Sky	–	–	(711,311)	–	–	(711,311)	–	(711,311)
Stock-based compensation	–	–	243,882	–	–	243,882	–	243,882
Comprehensive income	–	–	8,908,943	20,448	–	8,929,391	–	8,929,391
Balance at December 31, 2006	10,506,856	4,547,944	33,014,827	(3,808,377)	(7,888,974)	36,372,276	1,642,601	38,014,877
Dividends	–	–	(4,506,492)	–	–	(4,506,492)	–	(4,506,492)
Share cancellation	(239,286)	–	(3,386,013)	–	3,625,299	–	–	–
Repurchase of capital stock	–	–	–	–	(3,948,331)	(3,948,331)	–	(3,948,331)
Sale of repurchase shares	–	–	(173,169)	–	272,940	99,771	–	99,771
Increase in minority interest	–	–	–	–	–	–	1,968,586	1,968,586
Stock-based compensation	–	–	140,517	–	–	140,517	–	140,517
Comprehensive income	–	–	8,082,463	798,909	–	8,881,372	–	8,881,372
Balance at December 31, 2007	Ps. 10,267,570	Ps. 4,547,944	Ps. 33,172,133	Ps. (3,009,468)	Ps. (7,939,066)	Ps. 37,039,113	Ps. 3,611,187	Ps. 40,650,300

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

Consolidated Statements of

Changes in Financial Position

For Years Ended December 31, 2005, 2006 and 2007
(In thousands of Mexican pesos in purchasing power as of December 31, 2007)
(Notes 1 and 2)

	2005	2006	2007
Operating activities:			
Consolidated net income	Ps. 7,783,773	Ps. 9,519,296	Ps. 9,018,390
Adjustments to reconcile net income to resources provided by operating activities:			
Equity in (earnings) losses of affiliates	(172,913)	624,843	749,299
Depreciation and amortization	2,611,629	2,779,772	3,223,070
Impairment of long-lived assets and other amortization	105,314	176,884	541,996
Deferred taxes	(850,520)	1,292,645	(358,122)
Loss on disposition of available-for sale investment in Univision	–	–	565,862
Loss (gain) on disposition of affiliates	184,904	(19,556)	(41,527)
Stock-based compensation	–	243,882	140,517
Cumulative loss of accounting change	546,386	–	–
	10,208,573	14,617,766	13,839,485
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Trade notes and accounts receivable, net	(2,474,612)	894,378	(3,090,936)
Transmission rights and programming	1,054,584	778,059	(1,878,256)
Inventories	50,276	(112,827)	(32,053)
Other accounts and notes receivable and other current assets	860,008	(1,104,190)	(443,962)
Increase (decrease) in:			
Customer deposits and advances	2,411,073	(1,676,832)	1,840,116
Trade accounts payable	807,911	390,413	840,911
Other liabilities, taxes payable and deferred taxes	(801,669)	560,690	519,488
Pension plans, seniority premiums and severance indemnities	80,598	90,360	17,097
	1,988,169	(179,949)	(2,227,595)
Resources provided by operating activities	12,196,742	14,437,817	11,611,890
Financing activities:			
Issuance of Senior Notes due 2025	6,883,712	–	–
Issuance of Senior Notes due 2037	–	–	4,500,000
Empresas Cablevisión's long-term loan due 2012	–	–	2,457,495
Prepayments of Senior Notes and UDIs denominated Notes	(6,131,987)	–	(1,017,093)
Prepayments of Senior Notes due 2013	–	(3,315,749)	–
Other increase in debt	–	3,631,565	50,051
Other decrease in debt	(5,808,505)	(888,623)	(675,234)
Repurchase and sale of capital stock	(949,941)	(2,637,252)	(3,848,560)
Dividends paid	(4,648,726)	(1,161,839)	(4,506,492)
Gain on valuation of available-for-sale investments	–	(565,862)	–
Loss on minority interest acquisition of Sky	–	(711,311)	–
Benefit from capital contribution of minority interest in Sky	–	385,596	–
Minority interest	(117,236)	113,607	1,032,659
Translation effect	121,145	17,202	32,877
Resources used for financing activities	(10,651,538)	(5,132,666)	(1,974,297)
Investing activities:			
Due from affiliated companies, net	577,463	(644,409)	32,636
Investments	(1,297,043)	(4,938,453)	(3,385,342)
Disposition of investments	113,379	7,194,364	700,689
Investments in property, plant and equipment	(2,956,172)	(3,428,532)	(3,915,439)
Disposition of property, plant and equipment	342,256	532,676	704,310
Investments in goodwill and other intangible assets	(1,790,712)	(1,224,707)	(3,310,968)
Disposition of goodwill and other intangible assets	728,683	5,924,375	–
Available-for-sale investment in shares of Univision	–	(12,266,318)	12,266,318
Acquisition of Telecom net assets	–	–	(1,975,666)
Other assets	126,367	(4,026)	7,430
Resources (used for) provided by investing activities	(4,155,779)	(8,855,030)	1,123,968
Net (decrease) increase in cash and temporary investments	(2,610,575)	450,121	10,761,561
Net increase in cash and temporary investments upon Telecom acquisition	–	–	138,261
Cash and temporary investments at beginning of year	18,565,528	15,954,953	16,405,074
Cash and temporary investments at end of year	Ps. 15,954,953	Ps. 16,405,074	Ps. 27,304,896

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

Notes
to Consolidated Financial Statements

For the Years Ended December 31, 2005, 2006 and 2007
(In thousands of Mexican pesos in purchasing power as of December 31, 2007, except per CPO, per share and exchange rate amounts)

1. Accounting Policies

The principal accounting policies followed by Grupo Televisa, S.A.B. (the "Company") and its consolidated entities (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 in accordance with Mexican Financial Reporting Standards ("Mexican FRS") issued by the Mexican Financial Reporting Standards Board ("Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera" or "CINIF"), and include the recognition of the effects of inflation on financial information.

Mexican FRS are comprised of: (i) Financial Reporting Standards ("Normas de Información Financiera" or "NIF") and NIF Interpretations ("Interpretaciones a las NIF" or "INIF") issued by the CINIF; (ii) Bulletins of generally accepted accounting principles in Mexico ("Mexican GAAP") issued through May 2004 by the Mexican Institute of Public Accountants ("MIPA") that have not been modified, replaced or superseded by new NIF; and (iii) International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that are supplementary in Mexico when no general or specific guidance is provided by either NIF or applicable Bulletins of Mexican GAAP.

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 in which the Group is deemed the primary beneficiary. The primary beneficiary of a variable interest entity 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. See Note 1(b) for further discussion of all variable interest entities. All significant intercompany balances and transactions have been eliminated from the financial statements.

The preparation of financial statements in conformity with Mexican FRS 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.

These consolidated financial statements were authorized for issuance on April 7, 2008, by the Group's Chief Financial Officer.

(b) Members of the Group

At December 31, 2007, the Group consisted of the Company and various consolidated entities, including the following:

Consolidated Entities	Company's Ownership [1]	Business Segments [2]
Telesistema Mexicano, S.A. de C.V. and subsidiaries, including Televisa, S.A. de C.V.	100%	Television Broadcasting, Pay Television Networks and Programming Exports
Televisión Independiente de México, S.A. de C.V. and subsidiaries	100%	Television Broadcasting
TuTv, LLC ("TuTv") [3]	50%	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, S. de R. L. de C.V. and subsidiaries (collectively, "Sky") [3]	58.7%	Sky
Empresas Cablevisión, S. A. B. de C.V. ("Empresas Cablevisión") and subsidiaries	51%	Cable and Telecom
Paxia, S.A. de C.V., including its investment in Alvafig, S.A. de C.V. ("Alvafig") [3]	100%	Cable and Telecom
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
Sistema Radiópolis, S.A. de C.V. and subsidiaries	50%	Other Businesses
Televisa Juegos, 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 22 for a description of each of the Group's business segments.

(3) The Group has identified Sky, TuTv and Alvafig as variable interest entities and the Group as the primary beneficiary of the investment in each of these entities. The Group has 58.7% interest in Sky, a satellite television provider. TuTv is a 50% joint venture with Univision Communications Inc. ("Univision"), engaged in the distribution of the Group's Spanish-speaking programming packages in the United States. Alvafig is a holding company owning 49% of the equity in Cablemás, S.A. de C.V. ("Cablemás"), the second largest cable operator in Mexico (see Notes 2 and 5).

The Group's Television Broadcasting, Sky, Cable and Telecom, and Radio businesses require concessions (licenses) granted by the Mexican Federal Government for a fixed term, subject to renewal in accordance with Mexican law. Also, the Group's Gaming business, which is reported in the Other Businesses segment, requires a permit granted by the Mexican Federal Government for a fixed term. Additionally, the Group's Sky business in certain Central American and Caribbean countries requires concessions granted by local regulatory authorities for a fixed term and subject to renewal. At December 31, 2007, the expiration dates of the Group's concessions and permit were as follows:

Businesses	Expiration Dates
Television Broadcasting	In 2021
Sky	Various from 2020 to 2027
Cable and Telecom	Various from 2018 to 2030
Radio	Various from 2008 to 2016
Gaming	In 2030

(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 FRS, 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. Assets and liabilities of non-Mexican operations that are integral to Mexican operations are converted to Mexican FRS 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.

In connection with its investment in shares of Univision, the Group designated as an effective hedge of foreign exchange exposure a portion of the outstanding principal amount of its U.S.-dollar-denominated Senior Notes due 2011, 2025 and 2032, which amounted to U.S.$971.9 million as of December 31, 2006. The investment in shares of Univision was disposed by the Group in March 2007, and through that date any foreign exchange gain or loss attributable to this long-term debt was credited or charged directly to equity (other comprehensive income or loss) (see Notes 2 and 9).

(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, 2006 and 2007, temporary investments consisted of fixed short-term deposits, structured notes and corporate fixed income securities (primarily U.S. dollars and Mexican pesos), with an average yield of approximately 4.69% for U.S. dollar deposits and 7.38% for Mexican peso deposits in 2006, and approximately 5.34% for U.S. dollar deposits and 7.18% for Mexican peso deposits in 2007.

(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 annual period and amortize them over the expected period of future program revenues based on the Company's historical 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.

Investments in debt securities that the Group has the ability and intent to hold to maturity are classified as investments "held-to-maturity," and reported at amortized cost. Investments in debt securities not classified as held-to-maturity are classified as "available-for-sale," and are recorded at fair value with unrealized gains and losses included in consolidated stockholders' equity as accumulated other comprehensive result (see Notes 5 and 14).

Other investments are accounted for at cost.

(h) Property, Plant and Equipment
Property, plant and equipment are recorded at acquisition cost and thereafter are restated 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, from 5 to 20 years for buildings improvements, from 3 to 20 years for technical equipment and from 3 to 10 years for other property and 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 principally from 3 to 20 years.

Deferred financing costs consist of fees and expenses incurred in connection with the issuance of long-term debt. These financing costs are amortized over the period of the related debt (see Note 7).

(j) Impairment of Long-lived Assets
The Group reviews for impairment the carrying amounts of its long-lived assets, tangible and intangible, including goodwill (see Note 7), at least once a year, or whenever events or changes in business circumstances indicate that these carrying amounts may not be recoverable. 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 for television advertising services 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, 2007.

(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 are recognized on the date of circulation of delivered merchandise, net of a provision for estimated returns.
- The revenue from publishing distribution is recognized upon distribution of the products.
- Sky 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, internet and telephone subscription, and pay-per-view and installation fees are recognized in the period in which the services are rendered.

- Revenues from telecommunications and data services are recognized in the period in which these services are provided.
- 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.
- Gaming revenues consist of the net win from gaming activities, which is the difference between amounts wagered and amounts paid to winning patrons.

(n) Pension Plans, Seniority Premiums and Severance Indemnities
Plans exist for pension and retirement payments for substantially all of the Group's employees, funded through an irrevocable trust. Payments to the trust 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.

Beginning January 1, 2005, severance indemnities to dismissed personnel, other than those arising from restructurings, are recognized based upon actuarial calculations. Before that date, severance indemnities to dismissed personnel were charged to income in the year in which they were incurred. In connection with this accounting change, the Group recognized a cumulative loss effect of accounting change in the amount of Ps.197,084, net of an income tax benefit of Ps.84,465, for the year ended December 31, 2005.

(o) Income Taxes
The income taxes and the asset tax are recognized in income as they are incurred.

The recognition of deferred income taxes 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 recognizes derivative financial instruments as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For a derivative instrument designated as a fair value hedge, the gain or loss is recognized in income in the period of change together with the offsetting loss or gain on the hedged item attributed to the risk being hedged. For a derivative financial instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income and subsequently reclassified into income when the hedged exposure affects income. The ineffective portion of the gain or loss is reported in income immediately. For derivative instruments that are not designated as accounting hedges, changes in fair value are recognized in income in the period of change. During the years ended December 31, 2005, 2006 and 2007, none of the Group's derivatives qualified 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 IFRS 2, "Share-based payment," issued by the IASB. 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 of accounting change at December 31, 2005, in the amount of Ps.349,302, 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 FRS NIF A-8, Supplementary Financial Reporting Standards. The Group recognized a stock-based compensation expense of Ps.243,882 and Ps.140,517 for the years ended December 31, 2006 and 2007, respectively, which was accounted for in consolidated income as an administrative expense.

(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, 2007, by using a restatement factor derived from the change in the NCPI, which for 2005 and 2006 was 1.0796 and 1.0375, respectively. Had the alternative weighted average factor allowed under Mexican FRS 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 2005 and 2006 would have been 1.0821 and 1.0400, respectively.

The NCPI at December 31 was:

2004	112.550
2005	116.301
2006	121.015
2007	125.564

Beginning in January 2007, the Group adopted the provisions of Mexican FRS NIF B-3, *Statement of Income*, and INIF 4, *Presentation of the Employees' Profit Sharing in the Statement of Income*. Accordingly, the Group's consolidated statements of income for the years ended December 31, 2005 and 2006 have been reclassified to conform to the presentation required by these provisions, and included the reclassification of restructuring and non-recurring charges and statutory employees' profit sharing that were previously reported as separate lines into the other expense, net line.

(t) Recently Issued Mexican FRS
In August 2007, the CINIF issued three new standards that became effective as of January 1, 2008, as follows:

NIF B-10, *Effects of Inflation*, establishes standards for recognizing the effects of inflation in an entity's financial statements as measured by changes in a general price index only, and does not provide standards for valuation of any assets or liabilities. NIF B-10 provides criteria for identifying both inflationary and non-inflationary environments, and provides guidelines to cease or start recognizing the effects of inflation in financial statements when the general price index applicable to a specific entity is up to or above 26%, respectively, in a cumulative three-year period. NIF B-10 includes an option for the accounting treatment of the result from holding non-monetary assets recognized by an entity as accumulated other comprehensive income or loss under previous guidelines by either recycling this result from stockholders' equity to income as it is realized, or reclassifying the outstanding balance of such result to retained earnings in the period in which this standard becomes effective. Additionally, restatement of financial statements for earlier periods presented is not required by NIF B-10. Since the cumulative inflation in Mexico measured by the NCPI in the three-year period ended December 31, 2007 was below 26%, the Mexican companies in the Group ceased recognizing the effects of inflation in financial statements beginning January 1, 2008. In addition, effective January 1, 2008, the Group classified in retained earnings the outstanding balances of cumulative loss from holding non-monetary assets and accumulated monetary loss in the aggregate amount of Ps.2,672,502, in accordance with the guidelines provided by NIF B-10 (see Note 14).

NIF D-3, *Benefits to Employees*, replaces the previous Mexican GAAP Bulletin D-3, *Labor* Obligations, and provides standards for recognizing those benefits granted by an entity to its employees, including direct, termination and retirement benefits, as well as other related provisions. NIF D-3 requires shorter amortization periods for items subject to be amortized, including an option to recognize in income any actuarial gain or loss, and does not require the recognition of a transition asset or liability other than benefits granted in a plan amendment (prior service cost). NIF D-3 eliminates the recognition of an additional liability determined on the actuarial computation of retirement benefits without consideration of salary increases; consequently, a related intangible asset and an eventual stockholders' equity adjustment derived from the recognition of this additional liability, are no longer required by this new standard. NIF D-3 also requires the recognition of any termination benefit costs directly in income as a provision, with no deferral of any unrecognized prior service cost or related actuarial gain or loss. Additionally, NIF D-3 recognizes the employees' profit sharing required to be paid under certain circumstances in Mexico, as a direct benefit to employees. The provisions of NIF D-3 are not expected to have a significant effect on the Group's consolidated financial statements.

NIF D-4, *Income Taxes*, replaces the previous Mexican GAAP Bulletin D-4, *Accounting for income tax, asset tax and employees' profit sharing*, and provides additional guidance for valuation, presentation and disclosure of both current and deferred income taxes accrued for a period. NIF D-4 eliminates from its scope the accounting for employees' profit sharing, since this line item is deemed an ordinary expense associated with benefits to employees, and therefore, now is under the scope of NIF D-3. NIF D-4 also recognizes the Mexican asset tax paid as a tax credit to the extent of its expected recovery. In addition, NIF D-4 requires the reclassification to retained earnings of any outstanding cumulative effect of deferred income taxes recognized in stockholders' equity, in the period in which this standard becomes effective. The provisions of NIF D-4 are not expected to have a significant effect on the Group's consolidated financial statements. Effective January 1, 2008, the Group classified in retained earnings the outstanding balance of cumulative loss effect of deferred income taxes in the amount of Ps.3,224,437, in accordance with the guidelines provided by NIF D-4 (see Note 14).

In November 2007, the CINIF issued two standards that became effective as of January 1, 2008, as follows:

NIF B-2, *Statement of Cash Flows*, requires a statement of cash flows as part of a full set of financial statements in place of a statement of changes in financial position. The statement of cash flows classifies cash receipts and payments according to whether they stem from operating, investing, or financing activities and provides a definition of each category. Cash flows from operating activities can be reported by directly showing major classes of operating cash receipts and payments (the direct method), or by reporting the same amount of net cash flow from operating activities indirectly by adjusting net income to reconcile it to net cash flow from operating activities (the indirect method) Restatement of financial statements for years provided before 2008 is not required by NIF B-2.

NIF B-15, *Translation of Foreign Currencies*, replaces the previous Mexican GAAP Bulletin B-15, *Foreign Currency Transactions and Translation of Financial Statements of Foreign Operations*, and introduces the concepts of accounting currency, functional currency and reporting currency. NIF B-15 sets forth procedures for translating financial statements from the accounting currency of a foreign operation into the applicable functional currency, and from the functional currency of a foreign operation into the required reporting currency. NIF B-15 also permits that an entity may present its financial statements in a reporting currency other than its functional currency. Restatement of financial statements for years provided before 2008 is not required by NIF B-15. The provisions of NIF B-15 are not expected to have a significant effect on the Group's consolidated financial statements.

In December 2007, the CINIF issued the INIF 8, *Effects of the Flat Rate Business Tax*. This Interpretation became effective in October 2007, and requires a company to evaluate the effects of the new Flat Rate Business Tax that became effective in Mexico beginning in January 2008, on its deferred income tax asset or liability position for the fourth quarter of 2007, based on projected results of operations for periods beginning in 2008. The provisions of INIF 8 did not have a significant effect on the Group's consolidated financial statements.

2. Acquisitions, Investments and Dispositions

In October 2005, in a series of related transactions, the Group disposed its 30% interest in DTH TechCo Partners ("TechCo"), a general partnership that provided technical services to DTH ventures in Latin America through September 2005, 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.172,896 as other expense, which primarily consisted of the aggregate amount of the carrying value of the Group's net investment in TechCo, which included amounts receivable in connection with long-term loans made by the Group to TechCo (see Note 17).

In October 2005, the Group acquired 40% of the outstanding capital stock of Gestora de Inversiones Audiovisuales La Sexta, S.A. ("La Sexta") for an aggregate amount of approximately €1.2 million euros (Ps.16,541). In November 2005, the government of Spain granted a concession to La Sexta to operate for 10 years a free-to-air television channel, which started operations in March 2006. During 2006 and 2007, the Group made additional capital contributions related to its 40% interest in La Sexta in the amount of approximately €104.6 million euros (Ps.1,535,176) and €65.9 million euros (Ps.1,004,697), respectively. The Group's investment in La Sexta is accounted for using the equity method. Also, in connection with this investment and the framework agreement entered into by the Company in March 2006 with the MediaPro Group and the Grupo Árbol (the controlling partners of the company that holds a majority equity interest in La Sexta), the Group received, among other rights: (i) a call option under which the Group could subscribe, at a price of €80 million euros, a certain percentage of the capital stock of Imagina Media Audiovisual, S. A. ("Imagina"), the parent company that holds all of the shares of the MediaPro Group and the Grupo Árbol; and (ii) a right of first refusal until June 2011 to acquire a certain percentage of the capital stock of Imagina. During 2007, a third party acquired a 20% stake in Imagina. As a result of this acquisition, Imagina paid the Company €29 million euros (Ps.462,083) as a termination fee for the cancellation of the call option to subscribe a certain percentage of the capital stock of Imagina (see Notes 5, 11 and 17).

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 low-cost carrier airline with a concession to operate in Mexico. In 2005 and 2006, the Group made initial capital contributions in Volaris in the amount of U.S.$25.0 million (Ps.292,412) and U.S.$7.5 million (Ps.87,408), respectively. The Group's investment in Volaris is accounted for using the equity method (see Note 5).

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.3,575,276 that were used by the Group in the fourth quarter of 2005 (see Note 19). The total consideration paid in connection with this acquisition was the equivalent of U.S.$39.1 million (Ps.458,223).

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 magazine publishing trademarks and related rights in Mexico, Colombia, Chile and the United States, in an aggregate amount of approximately U.S.$15.0 million (Ps.172,448).

In February 2006, affiliates of The DIRECTV Group, Inc. ("DIRECTV") completed the acquisition of equity interests in Sky, which were formerly held by News Corporation ("News Corp.") and Liberty Media Corp. ("Liberty Media"). This acquisition included the capitalization of the purchase price of the list of subscribers sold by DIRECTV Mexico to Sky in the aggregate amount of Ps.665,653. As a result of these transactions, the Group's equity stake in Sky was reduced from 60% to 52.7%, and DIRECTV became the owner of the remaining 47.3% stake. In April 2006, the Group exercised its right to acquire two-thirds of the equity interest in Sky that DIRECTV acquired from Liberty Media. This minority interest acquisition amounted to approximately U.S.$58.7 million (Ps.699,891), and was financed with cash on hand. After this transaction, the Group (i) increased its equity stake in Sky from 52.7% to 58.7%, and DIRECTV became the owner of the remaining 41.3%; and (ii) recognized the excess of the purchase price over the carrying value of this minority interest as a capital distribution made to DIRECTV in the amount of Ps.711,311.

In March 2006, the Group acquired a 50% interest in Televisión Internacional, S. A. de C. V. ("TVI"), a cable television company with a license to operate in the city of Monterrey and surrounding areas, which expires in 2026, in the amount of Ps.798,304, which was substantially paid in cash. In conjunction with this transaction, the Group provided TVI with a short-term financing at the acquisition date in the principal amount of Ps.257,519, with an annual interest rate equal to the Mexican inter-bank rate plus 150 basis points, and maturity in March 2007, and paid a first purchase price adjustment in the second quarter of 2006, in the amount of Ps.19,287. Also, during the first half of 2007, the Group (i) paid a second purchase price adjustment in the amount of Ps.19,155; (ii) recognized a final third purchase price adjustment to be paid in 2008, subject to certain conditions, in the amount of Ps.18,417; and (iii) capitalized all of the amounts receivable from TVI in the aggregate amount of Ps.269,028, in connection with the short-term financing provided at the acquisition date. In the third quarter of 2007, the Group completed a final valuation of this acquisition and recognized a related goodwill in the amount of Ps.405,264. This transaction was approved by the Mexican regulatory authorities in 2007 (see Notes 5 and 7).

Beginning in the third quarter of 2006, the Group announced its intention to have its investment in shares and warrants of Univision common stock cashed out in connection with the merger contemplated by a related agreement entered into by Univision and an acquiring investor group. Accordingly, the Group (i) classified its investment in shares of Univision common stock as a current available-for-sale financial asset; (ii) discontinued the recognition of any equity method result related to this investment; (iii) recorded this financial asset at fair value, with unrealized gains and losses included in the Group's consolidated stockholders' equity as accumulated other comprehensive income or loss; and (iv) this financial asset was hedged by the Group's outstanding Senior Notes due 2011, 2025 and 2032, in the aggregate amount of approximately U.S.$971.9 million. As of December 31, 2006, 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, most of which had an exercise price of U.S.$38.261 per share and expired in December 2017. Most of the warrants to acquire shares of Univision common stock did not have a carrying value at December 31, 2006, since the exercise price was greater than the tender offer price. The proposed merger was concluded by Univision on March 29, 2007, and the 30,187,534 shares of Univision common stock owned by the Group were converted, like all shares of Univision common stock, into cash at U.S.$36.25 per share. Also, under the terms of the merger agreement, all of the Group's warrants to acquire shares of Univision common stock were cancelled. The aggregate cash amount received by the Group in connection with the closing of this merger was of approximately U.S.$1,094.4 million (Ps.12,385,515). As a result of this disposition, the Group recognized in consolidated income for the year ended December 31, 2007, a non-cash loss of Ps.669,473 (see Notes 1 (c), 9, 11,14 and 17).

In November 2006, the Group invested U.S.$258 million (Ps.2,943,986) in convertible debentures of Alvafig, S.A. de C.V. ("Alvafig"), which holds 49% of the equity of Cablemás. These debentures are convertible into 99.99% of the equity of Alvafig and have a five-year maturity. Annual interest on these debentures is 8% in the first year and 10% in the remaining four years, and is payable on an annual basis. Cablemás is the second largest cable operator in Mexico operating in 48 cities. The conversion of these debentures into equity of Alvafig is subject to approval by the Mexican regulatory authorities and the compliance with certain regulatory requirements. The debentures cannot be called before maturity by the issuer, and are secured by substantially all of the outstanding shares of common stock of Alvafig. In February 2008, the Group made an additional investment of U.S.$100 million (Ps.1,082,560) in convertible debentures of Alvafig, which proceeds were used by this entity to increase its interest in the equity of Cablemás from 49% to 60% (see Notes 1 (b) and 5).

In August 2007, the Group acquired substantially all of the outstanding shares of capital stock of Editorial Atlántida, S.A. ("Atlántida"), a leading magazine publishing company in Argentina, in the aggregate amount of approximately U.S.$78.8 million (Ps.885,377), which was paid in cash. The Group completed a purchase price allocation of this transaction and recognized a related goodwill in the amount of Ps.668,338 (see Note 7).

In August 2007, the Group announced an agreement signed by Cablestar, S.A. de C.V. ("Cablestar"), an indirect subsidiary of the Company and Empresas Cablevisión, to acquire the majority of the assets of Bestel, S.A. de C.V. ("Bestel"), a Mexican facilities-based telecommunications company engaged in providing data and long-distance services solutions to carriers and other telecommunications service providers through a fiber-optic network of approximately 8,000 kilometers that covers the most important cities and economic regions of Mexico and crosses directly into the United States in the cities of San Antonio, Texas and San Diego, California. In December 2007, after obtaining the approval from the Mexican regulatory authorities, Cablestar completed this transaction by acquiring, at an aggregate purchase price of U.S.$256 million (Ps.2,772,352), all of the outstanding equity of Letseb, S.A. de C.V. ("Letseb") and Bestel USA, Inc. ("Bestel USA"), the companies that owned the majority of assets of Bestel. In connection with this acquisition: (i) Cablestar made an additional capital contribution to Letseb in the amount of U.S.$69 million (Ps.747,236), which was used by Letseb to pay certain pre-acquisition liabilities; (ii) the Company granted a guarantee to a third-party creditor for any amounts payable in connection with a Letseb's long-term liability in the amount of U.S.$80 million; (iii) Empresas Cablevisión issued long-term debt to finance this acquisition in the amount of U.S.$225 million (Ps.2,457,495); (iv) Cablemás and TVI made capital contributions for an aggregate amount of U.S.$100 million related to their aggregate 30.8% minority interest in Cablestar; and (v) Cablestar recognized an excess of the purchase price over the carrying value of the acquired net assets in the amount of approximately Ps.1,552,054, based upon a preliminary valuation. The Group expects to complete a final valuation and purchase price allocation of this transaction in the first half of 2008 (see Notes 7 and 8).

3. Trade Notes and Accounts Receivable

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

	2006	2007
Non-interest bearing notes received from customers as deposits and advances	Ps.12,406,785	Ps.14,753,180
Accounts receivable, including value-added tax receivables related to advertising services	2,773,345	3,507,639
Allowance for doubtful accounts	(1,071,428)	(966,145)
	Ps.14,108,702	Ps.17,294,674

4. Transmission Rights and Programming

At December 31, transmission rights and programming consisted of:

	2006	2007
Transmission rights	Ps. 3,721,400	Ps. 5,439,918
Programming	3,004,281	2,967,511
	6,725,681	8,407,429
Non-current portion of:		
Transmission rights	1,950,823	3,626,320
Programming	1,606,915	1,626,428
	3,557,738	5,252,748
Current portion of transmission rights and programming	Ps. 3,167,943	Ps. 3,154,681

5. Investments

At December 31, the Group had the following investments:

	2006	2007	Ownership % as of December 31, 2007
Accounted for by the equity method:			
Cablemás [a]	Ps. 2,978,532	Ps. 3,208,265	49%
La Sexta (see Note 2)	757,166	1,238,576	40%
Ocesa Entretenimiento, S. A. de C. V. ("OCEN") [b]	522,808	448,158	40%
Volaris (see Note 2)	266,970	202,949	25%
TVI (see Note 2)	101,407	324,508	50%
Other	99,518	132,758	
	4,726,401	5,555,214	
Other investments:			
Held-to-maturity debt securities (see Note 1(g)) [c]	940,238	2,525,204	
TVI (see Note 2)	266,378	–	
Other	26,856	35,166	
	1,233,472	2,560,370	
	Ps. 5,959,873	Ps. 8,115,584	

[a] The Group has identified Alvafig as a variable interest entity, and the Group as the primary beneficiary of the investment in this entity. Hence, the assets of Alvafig, consisting of a 49% equity interest in Cablemás (including goodwill of Ps.1,870,393), as well as its liabilities and results of operations have been included in the consolidated financial statements of the Company (see Notes 1 (b) and 2).

[b] OCEN is a majority-owned subsidiary of Corporación Interamericana de Entretenimiento, S.A. de C.V. ("CIE"), and is engaged in the live entertainment business in Mexico. In the third quarter of 2006, and in the second and third quarter of 2007, OCEN paid dividends to the Group in the aggregate amount of Ps.106,429 and Ps.94,382 respectively (see Note 16).

[c] Held-to-maturity securities represent structured notes and corporate fixed income securities with long-term maturities. These investments are stated at cost.

The Group recognized equity in comprehensive income (loss) of affiliates for the years ended December 31, 2005, 2006 and 2007, as follows:

	2005	2006	2007
Equity in earnings (losses) of affiliates, net	Ps. 172,913	Ps. (624,843)	Ps. (749,299)
Equity in other comprehensive (loss) income of affiliates:			
Foreign currency translation adjustments, net	(313,807)	578,481	171,297
Result from holding non-monetary assets, net	(960)	(7,161)	2,151
(Loss) gain on equity accounts, net	(204,485)	57,930	5,382
	Ps. (346,339)	Ps. 4,407	Ps. (570,469)

6. Property, Plant and Equipment, Net

Property, plant and equipment as of December 31, consisted of:

	2006	2007
Buildings	Ps. 8,709,933	Ps. 9,178,003
Buildings improvements	1,694,047	1,715,965
Technical equipment [1]	20,875,135	26,330,386
Satellite transponders	1,757,780	1,789,890
Furniture and fixtures	597,683	672,426
Transportation equipment	1,310,538	1,411,444
Computer equipment	1,653,994	2,162,639
	36,599,110	43,260,753
Accumulated depreciation	(20,180,600)	(22,750,195)
	16,418,510	20,510,558
Land	4,138,684	4,232,721
Construction in progress	1,207,231	428,052
	Ps.21,764,425	Ps.25,171,331

[1] In 2007 includes telecommunications facilities in connection with the acquisition of Letseb and Bestel USA (see Note 2).

At December 31, 2006 and 2007, the Group's Mexican subsidiaries had technical, transportation and computer equipment of non-Mexican origin totaling Ps.5,022,958 and Ps.5,029,332, 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, 2006 and 2007 would have been Ps.22,032,839 and Ps.25,190,443, respectively.

Depreciation charged to income in 2005, 2006 and 2007 was Ps.2,250,354, Ps.2,438,234 and Ps.2,793,310, respectively.

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 Intelsat Corporation ("Intelsat", formerly PanAmSat Corporation) for 12 KU-band transponders on Intelsat's satellite IS-9 (see Note 8). As of December 31, 2006 and 2007, satellite transponders, net of accumulated depreciation, amounted to Ps.1,015,607 and Ps.914,832, 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)):

	2006			2007		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Goodwill			Ps.2,267,077			Ps. 3,978,277
Publishing and TVI trademarks			602,741			806,278
Television network concession			650,603			650,603
TVI concession			147,108			262,925
Telecom concession			–			29,113
Intangible assets with finite lives and deferred charges:						
Licenses and software	Ps. 845,232	Ps. (475,648)	369,584	Ps.1,026,841	Ps. (632,998)	393,843
Subscriber list Sky	615,449	(302,041)	313,408	749,945	(461,509)	288,436
Subscriber list TVI	50,887	–	50,887	52,495	(13,011)	39,484
Leasehold improvements	280,282	(71,825)	208,457	821,257	(138,663)	682,594
Other intangible assets	266,175	(127,657)	138,518	294,035	(157,214)	136,821
Deferred financing costs (see Note 8)	1,085,933	(241,621)	844,312	1,107,744	(277,451)	830,293
	Ps. 3,143,958	Ps. (1,218,792)	Ps.5,592,695	Ps.4,052,317	Ps.(1,680,846)	Ps. 8,098,667

Amortization of intangible assets with finite lives (other than goodwill) and deferred financing costs charged to income in 2005, 2006 and 2007, was Ps.458,557, Ps.424,958 and Ps.478,063, respectively, of which Ps.51,903, Ps.49,849 and Ps.48,303 in 2005, 2006 and 2007, respectively, were recorded as interest expense (see Note 18) and Ps.45,379 and Ps.33,571 in 2005 and 2006, respectively, were recorded as other expense in connection with the extinguishment of long-term debt (see Note 17).

The changes in the net carrying amount of goodwill and trademarks for the year ended December 31, 2007, were as follows:

	Balance as of December 31, 2006	Acquisitions	Foreign Currency Translation Adjustments	Adjustments/ Reclassifications	Impairment Adjustments	Balance as of December 31, 2007
Goodwill:						
Television Broadcasting [1]	Ps. 1,403,519	Ps. –	Ps. –	Ps. –	Ps. (493,693)	Ps. 909,826
Cable and Telecom	–	1,552,054	–	–	–	1,552,054
Publishing Distribution	24,544	668,338	(2,773)	–	–	690,109
Other Businesses	39,406	–	–	–	–	39,406
Equity-method investees [2]	799,608	269,028	–	(281,754)	–	786,882
	Ps. 2,267,077	Ps. 2,489,420	Ps. (2,773)	Ps. (281,754)	Ps. (493,693)	Ps. 3,978,277
Trademarks [3]:						
Publishing	Ps. 552,731	Ps. 141,093	Ps. 1,242	Ps. –	Ps. –	Ps. 695,066
Telecom	–	21,860	–	–	–	21,860
TVI	50,010	39,342	–	–	–	89,352
	Ps. 602,741	Ps. 202,295	Ps. 1,242	Ps. –	Ps. –	Ps. 806,278

[1] See Note 17.

[2] See Note 5.

[3] See Note 2.

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:

	2006	2007
U.S. dollar debt:		
8% Senior Notes due 2011 [1] [2]	Ps. 806,468	Ps. 785,863
8.50% Senior Notes due 2032 [1]	3,362,570	3,276,660
6.625% Senior Notes due 2025 [1] [2]	6,725,139	6,553,320
9.375% Senior Notes due 2013 [3] [8]	126,108	122,886
Syndicated loan facility [4]	–	2,457,495
Other [5]	38,943	33,032
Mexican peso debt:		
8.49% Senior Notes due 2037 [1] [6]	–	4,500,000
8.15% UDI-denominated Notes due 2007 [2] [6] [7]	1,017,093	–
Bank loans [3] [8]	7,410,945	7,142,460
Other currency debt	436	50,321
Total long-term debt	19,487,702	24,922,037
Less: Current portion	1,023,445	488,650
Long-term debt, net of current portion	Ps.18,464,257	Ps.24,433,387
Satellite transponder lease obligation [9]	Ps. 1,251,946	Ps. 1,132,830
Less: Current portion	89,415	97,696
Satellite transponder lease obligation, net of current portion	Ps. 1,162,531	Ps. 1,035,134

[1] 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 2011, 2025, 2032 and 2037, including additional amounts payable in respect of certain Mexican withholding taxes, is 8.41%, 6.97%, 8.94% and 8.93% 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 (the "SEC").

[2] 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 for any or all of the Senior Notes due 2011 and the UDI-denominated Notes due 2007, and prepay a portion of the outstanding principal amount of these securities in the amount of approximately U.S.$222.0 million and Ps.3,045,427 (nominal Ps.2,935,097), 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

[3] These Senior Notes are unsecured and unsubordinated obligations of Sky. Interest on these Senior Notes, including additional amounts payable in respect of certain Mexican withholding taxes, is 9.8580%, and is payable semi-annually. Sky 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. In March and April 2006, Sky entered into two 10-year loans with Mexican banks in the aggregate principal amount of Ps.3,500,000 to fund, together with cash on hand, a tender offer and consent solicitation made for any or all of the Senior Notes due 2013, and prepaid a principal amount of approximately U.S.$288.7 million or 96.2% of these securities. The total aggregate amount paid by Sky in connection with this tender offer was of approximately U.S.$324.3 million, which included related consents and accrued and unpaid interest. The 10-year Sky indebtedness is guaranteed by the Company and includes a nominal Ps.2,100,000 loan with an annual interest rate of 8,74% and a Ps.1,400,000 loan with an annual interest rate of 8.98% for the first three years, and the Mexican interbank interest rate of "TIIE" plus 24 basis points for the remaining seven years. Interest on these two 10-year loans is payable on a monthly basis.

[4] In December 2007, Empresas Cablevisión entered into a 5-year term syndicated loan facility in the aggregate principal amount of U.S.$225 million in connection with the financing for the acquisition of Letseb and Bestel USA (see Note 2). Annual interest on this loan facility is payable on a quarterly basis at LIBOR plus an applicable margin of 0.425%. Under the terms of the loan facility, Empresas Cablevisión and subsidiaries are required to maintain (a) certain financial coverage ratios related to indebtedness and interest expense, and (b) certain restrictive covenants, primarily on debt, liens, investments and acquisitions, capital expenditures, asset sales, consolidations, megers and similar transations.

[5] Includes notes payable to banks, bearing annual interest rates in a range of 0.11 to 1.25 points above LIBOR. The maturities of these notes are between 2008 and 2010.

[6] In May 2007, the Company issued these Senior Notes in the aggregate principal amount of Ps.4,500,000. The net proceeds from this issuance were used to replenish the Group's cash position following the payment, with cash on hand, of approximately Ps.992,900 of our outstanding 8.15% UDI-denominated Notes that matured in April 2007 and for the repurchase of the Company's shares. The Group intends to use the remaining net proceeds from this issuance for general corporate purposes, including the repayment of other outstanding indebtedness and the continued repurchase of the Company's shares, subject to market conditions and other factors. The Company may, at its own option, redeem these Senior Notes, in whole or in part, at any time at a redemption price equal to the greater of the principal amount of the Senior Notes or the present value of future cash flows, at the redemption date, of principal and interest amounts of the Senior Notes discounted at a fixed rate of comparable Mexican Government Bonds.

[7] Notes denominated in Mexican Investment Units ("Unidades de Inversión" or "UDIs"), representing 258,711,400 UDIs at December 31, 2006. Interest on these notes was payable semi-annually. The balance as of December 31, 2006 includes restatement of Ps.275,561.

[8] Includes in 2006 and 2007, outstanding balances of long-term loans in the principal amount of Ps.480,000, Ps.1,162,460 and Ps.2,000,000, in connection with certain credit agreements entered into by the Company with a Mexican bank, with various maturities from 2008 through 2012. Interest on these loans is, in a range of 8.925% to 10.350% per annum, and is payable on a monthly basis. 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. The balance in 2006 and 2007 also includes the Sky long-term loans discussed in paragraph (3) above mentioned in the aggregate principal amount of Ps.3,500,000.

[9] Sky is committed to pay a monthly fee of U.S.$1.7 million under a capital lease agreement entered into with Intelsat Corporation (formerly PanAmSat Corporation) in February 1999 for satellite signal reception and retransmission service from 12 KU-band transponders on satellite IS-9, which became operational in September 2000. The service term for IS-9 will end at the earlier of (a) the end of 15 years or (b) the date IS-9 is taken out of service. The obligations of Sky under the IS-9 agreement are proportionately guaranteed by the Company and the other Sky equity owners in relation to their respective ownership interests (see Notes 6 and 11).

Maturities of Debt and Satellite Transponder Lease Obligation

Debt maturities for the years subsequent to December 31, 2007, are as follows:

2008	Ps. 488,650
2009	1,167,321
2010	1,034,705
2011	787,412
2012	3,459,190
Thereafter	17,984,759
	Ps.24,922,037

Future minimum payments under satellite transponder lease obligation for the years subsequent to December 31, 2007, are as follows:

2008	Ps. 222,813
2009	222,813
2010	222,813
2011	222,813
2012	222,813
Thereafter	595,174
	1,709,239
Less: amount representing interest	576,409
	Ps. 1,132,830

9. Financial Instruments

The Group's financial instruments recorded on the balance sheet include cash, temporary investments, accounts and notes receivable, the available-for-sale investment in Univision classified as a current financial asset as of December 31, 2006 (see Note 2), debt securities classified as held-to-maturity investments, 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 available-for-sale investment in Univision and the debt securities classified as available-for-sale investments are recorded at fair value. 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 common stock 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 carrying and estimated fair values of the Group's financial instruments at December 31, were as follows:

	2006		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Non-derivative financial instruments:				
Assets:				
Available-for-sale investment in Univision (see Note 2)	Ps. 12,266,318	Ps. 12,266,318	Ps. –	Ps. –
Held-to-maturity securities (see Note 5)	1,185,767	1,185,767	2,525,204	2,525,204
Liabilities:				
Senior Notes due 2011, 2025 and 2032	Ps. 10,894,177	Ps. 12,117,806	Ps. 10,615,843	Ps. 11,654,879
Senior Notes due 2037	–	–	4,500,000	4,280,581
Other long-term debt securities	126,108	133,022	122,886	132,717
UDI-denominated long-term securities	1,017,093	1,033,993	–	–
Long-term notes payable to Mexican banks	7,410,945	7,598,921	7,142,460	7,403,793
Syndicated loan facility	–	–	2,457,495	2,456,471
Derivative financial instruments:				
Assets:				
Sky's interest rate swaps [a]	Ps. 737	Ps. 737	Ps. 36,040	Ps. 36,040
Sky's foreign currency forwards [b]	–	–	999	999
Interest rate cross currency swaps [c]	–	–	19,397	19,397
Liabilities:				
Interest rate treasury lock [d]	Ps. –	Ps. –	Ps. 77,595	Ps. 77,595
Interest rate swaps [e]	327,499	327,499	197,891	197,891

[a] In February 2004, Sky 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 receives semi-annual payments calculated based on the aggregate notional amount of U.S.$11.3 million at an annual rate of 9.375%, and Sky makes monthly payments calculated based on an aggregate notional amount of approximately Ps.123,047 at an annual rate of 10.25%. These transactions will terminate in September 2008. As of December 31, 2006 and 2007, Sky recorded the change in fair value of these transactions in the integral cost of financing (foreign exchange loss).

[b] As of December 31, 2007, Sky had foreign currency forward contracts to cover a portion of its foreign currency cash flow requirements for an aggregate amount of U.S.$15 million to exchange U.S. dollars and Mexican pesos in 2008 at an average exchange rate of Ps.10.89 per U.S.$1.00 dollar.

[c] In December 2007, in connection with the issuance of its U.S.$225 million long-term debt, Empresas Cablevisión entered into cross currency swaps agreements to hedge interest rate risk and foreign currency exchange risk on such long-term debt.

[d] In the third quarter of 2007, the Company entered into interest rate lock agreements to hedge the risk that the cost of a future issuance of fixed-rate debt may be adversely affected by changes in interest rates. Under these agreements, the Company agrees to pay or receive an amount equal to the difference between the net present value of the cash flows for a notional principal amount of indebtedness based on the existing yield of a U.S. treasury bond at the date when the agreements are established and at the date when the agreements are settled. The notional amounts of the agreements are not exchanged. Interest rate lock agreements are reflected at fair value in the Group's consolidated balance sheet and the related gains or losses on these agreements are recognized in income as integral cost of financing (interest expense). At December 31, 2007, the Company had outstanding interest rate lock agreements for an aggregate U.S.$150.0 million notional principal amount of indebtedness.

[e] 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 U.S.$890 million as of December 31, 2006 and 2007, at an average annual rate of 7.37%, and the Company makes semi-annual payments based on an aggregate notional amount of approximately Ps.9,897,573 as of December 31, 2006 and 2007, at an average annual rate of 8.28%, without an exchange of the notional amount upon which the payments are based. In the years ended December 31, 2006 and 2007, the Company recorded a loss and (gain) of Ps.91,550 and Ps.(1,440), respectively, 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 the 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 used a 4% discount rate and 2% salary scale for 2005, 2006 and 2007. The Group used a 5%, 5.4% and 9.3% return on assets rate for 2005, 2006 and 2007, respectively. 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. As of December 31, 2006 and 2007, plan assets were invested in a portfolio that primarily consisted of debt and equity securities, including shares of the Company. 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, was as follows:

	2006	2007
Pension plans:		
Actuarial present value of benefit obligations:		
Vested benefit obligations	Ps. 318,167	Ps. 329,413
Non-vested benefit obligations	352,767	374,373
Accumulated benefit obligation	670,934	703,786
Benefit attributable to projected salaries	163,189	168,381
Projected benefit obligation	834,123	872,167
Plan assets	1,254,603	1,153,205
Plan assets in excess of projected benefit obligation	420,480	281,038
Items to be amortized over a period from 5 to 18 years:		
Transition obligation	120,534	107,436
Unrecognized prior service cost	(13,851)	(11,828)
Unrecognized net gain	(644,624)	(435,665)
	(537,941)	(340,057)
Net projected liability	(117,461)	(59,019)
Seniority premiums:		
Actuarial present value of benefit obligations:		
Vested benefit obligations	145,616	148,016
Non-vested benefit obligations	104,796	95,142
Accumulated benefit obligation	250,412	243,158
Benefit attributable to projected salaries	19,676	18,783
Projected benefit obligation	270,088	261,941
Plan assets	548,355	475,525
Plan assets in excess of projected benefit obligation	278,267	213,584
Items to be amortized over a period from 5 to 8 years:		
Transition obligation	105,790	83,912
Unrecognized prior service cost	(115,726)	(106,446)
Unrecognized net gain	(92,444)	(7,569)
	(102,380)	(30,103)
Net projected asset	175,887	183,481
Severance indemnities:		
Actuarial present value of benefit obligations:		
Non-vested benefit obligations	342,472	386,180
Accumulated benefit obligation	342,472	386,180
Benefit attributable to projected salaries	27,907	27,521
Projected benefit obligation	370,379	413,701
Plan assets	–	–
Projected benefit obligation in excess of plan assets	(370,379)	(413,701)
Items to be amortized over a period from 5 to 6 years:		
Unrecognized net loss (gain)	14,129	(25,682)
Net projected liability	(356,250)	(439,383)
Total labor liabilities	Ps. (297,824)	Ps. (314,921)

The components of net periodic pension, seniority premium and severance indemnity plan cost (income) as of December 31, consist of the following:

	2005	2006	2007
Service cost	Ps. 89,698	Ps. 96,435	Ps. 97,878
Interest cost	47,212	52,896	55,804
Expected return on plan assets	(60,251)	(81,152)	(168,141)
Net amortization and deferral	20,216	8,421	(9,280)
Net cost (income)	Ps. 96,875	Ps. 76,600	Ps. (23,739)

11. Commitments and Contingencies

At December 31, 2007, the Group had commitments in an aggregate amount of Ps.173,664, of which Ps.83,446 were commitments related to gaming operations, Ps.45,557 were commitments to acquire television technical equipment, Ps.40,042, were commitments for the acquisition of software and related services, and Ps.4,619 were construction commitments for building improvements and technical facilities.

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 2006 and 2007. The Group may fund up to 50% of certain working capital requirements of EMI Televisa Music during 2008, in the form of long-term loans.

At December 31, 2007, 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
2008	U.S.$ 14,665
2009	11,006
2010	5,938
2011	4,740
2012 and thereafter	13,726
	U.S.$ 50,075

The Group has guaranteed a 58.7% of Sky minimum commitments for use of satellite transponders over a period ending in 2015. As of December 31, 2007, this guarantee is estimated to be an aggregate of approximately U.S.$92.8 million (undiscounted) as of December 31, 2007 (see Notes 2, 8 and 9).

The Company has guaranteed the obligation of Sky for direct loans in an aggregate amount of Ps.3,500,000, which are reflected in the December 31, 2007 balance sheet as liabilities (see Note 8).

The Group leases facilities, primarily for its Gaming business, under operating leases expiring through 2046. The Group's Gaming business started operations in the second quarter of 2007. As of December 31, 2007, non-cancellable annual lease commitments (undiscounted) are as follows:

2008	Ps. 174,250
2009	148,242
2010	130,453
2011	75,160
2012	24,086
Thereafter	120,709
	Ps. 672,900

At December 31, 2007, the Group had commitments of capital contributions to be made in 2008 related to its 40% equity interest in La Sexta in the aggregate amount of approximately €44.4 million euros (Ps.707,465) (see Notes 2 and 5).

In June 2003, the Company was notified by the Mexican tax authority of a federal tax claim made against the Company for an alleged asset tax liability for the year 1994. As of December 31, 2007, the Company accrued Ps.71,313 to settle this claim in accordance with a tax amnesty provided by the Mexican tax law.

During 2006 and 2007, the Group filed petitions with Mexican Federal Courts in response to assertions made by the Mexican tax authorities that the Group owed withheld income taxes in connection with the acquisition of exclusivity rights of certain soccer players from foreign entities in 1999, 2000, 2001 and 2002. As of December 31, 2007, the Group accrued Ps.16,796 to settle this caim in accordance with a tax amnesty provided by the Mexican tax law (see Note 17).

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.

In November 2007, Sky and Sky Brasil Servicos Ltda. ("Sky Brasil") reached an agreement with Intelsat Corporation, and an affiliate, to build and launch a new 24-transponder satellite ("IS-16") for which service will be dedicated to Sky and Sky Brasil over the satellite's estimated 15-year service life. The IS-16, which is expected to be launched in the fourth quarter of 2009, will provide back up for both platforms, and will also double Sky's current capacity. The agreement considers the payment related to Sky of a one-time fixed fee in the aggregate amount of U.S.$138.6 million that will be paid in two installments, the first one of U.S.$27.7 million in the fourth quarter of 2009, and the second one of U.S.$110.9 million in the fourth quarter of 2010. The agreement also considers the payment related to Sky of a monthly service fee of U.S.$150 thousand to be paid from the start of service date through September 2015.

Univision

In May 2005, Televisa, S.A. de C.V. ("Televisa"), a subsidiary of the Company, filed a complaint (which was subsequently amended) in the U.S. District Court for the Central District of California (the "Court") alleging that Univision breached the Second Amended and Restated Program License Agreement entered into as of December 19, 2001 (the "PLA") between Televisa Internacional, S.A.

de C.V., a predecessor company, and Univision, as well as the December 19, 2001 letter agreement between Televisa and Univision relating to soccer broadcast rights (the "Soccer Agreement"), among other claims ("District Court Action"). Univision filed related answers denying all allegations and asserting affirmative defenses, as well as related counterclaims against Televisa and the Company. Univision also claimed that the Company had breached other agreements between the parties, including a Participation Agreement entered into as of October 2, 1996 and a Telefutura Production Services Agreement. In addition, Univision claimed that the Company breached a Guaranty dated December 19, 2001, by which, among other things, the Company guaranteed that the Company's affiliates (including Televisa) would produce a specified minimum number of novellas.

During 2006, Televisa and the Company answered the counterclaims, denying them and asserting affirmative defenses based on Univision's alleged breaches of the agreements, including the PLA, the Guaranty and the Soccer Agreement. Televisa also amended its complaint again, adding the Company as a plaintiff. In their amended complaint, Televisa and the Company asked for a declaration by the Court that they had the right to suspend their performance under and to terminate the PLA, the Guaranty and the Soccer Agreement as a result of Univision's alleged material breaches of those agreements. Univision filed amended counterclaims, seeking, among other things, a declaration by the Court that Televisa and the Company do not have the right to terminate or suspend performance of their obligations under the PLA or the Soccer Agreement. Also, in 2006, Televisa filed a separate lawsuit in the Los Angeles Superior Court, State of California seeking a judicial determination that on or after December 19, 2006, Televisa may transmit or permit others to transmit any television programming into the United States from Mexico by means of the Internet. That lawsuit was stayed. In October 2006, Univision added a new counterclaim in the District Court Action for a judicial declaration that on or after December 19, 2006, Televisa may not transmit or permit others to transmit any television programming into the United States by means of the Internet.

During 2005, 2006 and 2007, in connection with the Company's complaint in the District Court Action, Univision made payments to the Group under protest of the disputed royalties and of other license fees that Univision alleges have been overcharged, and is seeking recovery of these amounts via its counterclaims. The Group has recognized these payments made by Univision as customer deposits and advances in its consolidated balance sheets (see Note 16).

After a continuance motion, in June 2007, the Court, among other things, reset the trial date for January 18, 2008 in the District Court Action. After an additional continuance motion, in October 2007, the Court reset the trial date in the District Court Action for March 18, 2008.

In October 2007, Univision filed a motion for summary judgment whereby it sought a judgment from the Court that its claimed breaches of the long-term PLA between Univision and Televisa were not material and therefore the PLA was not subject to termination by Televisa. On December 21, 2007, the Court issued its order denying Univision's motion for summary judgment.

On January 11, 2008, Univision filed a motion to continue the trial to October 2008. Televisa opposed Univision's motion. On February 5, 2008, the Court denied Univision's motion to continue the trial date, and rescheduled the trial in the District Court Action for April 29, 2008.

The Group cannot predict how its overall business relationship with Univision will be affected by this dispute. The Group believes the counterclaims and affirmative defenses made by Univision are without merit and will defend vigorously.

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 five CPOs (before March 22, 2006 each GDS was represented by 20 CPOs). Non-Mexican holders of CPOs do not have voting rights with respect to the Series "A", Series "B" and Series "D" Shares.

At December 31, 2007, shares of capital stock and CPOs consisted of (in millions):

	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	121,709.7	(1,254.1)	(7,164.8)	(1,177.6)	112,113.2
Series "B" Shares	57,606.3	(1,103.6)	(3,806.7)	(602.2)	52,093.8
Series "D" Shares	87,896.5	(1,755.7)	(2,339.2)	(925.0)	82,876.6
Series "L" Shares	87,896.5	(1,755.7)	(2,339.2)	(925.0)	82,876.6
Total shares	355,109.0	(5,869.1)	(15,649.9)	(3,629.8)	329,960.2
Shares in the form of CPOs	293,824.8	(5,869.1)	(7,819.8)	(3,092.2)	277,043.7
CPOs	2,511.3	(50.2)	(66.8)	(26.4)	2,367.9

[1] As of December 31, 2007, the authorized and issued capital stock amounted to Ps.10,267,570 (nominal Ps.2,427,353).

[2] In 2005, 2006 and 2007, the Company repurchased 3,645.5 million, 6,714.1 million and 7,861.2 million shares in the form of 31.2 million, 57.4 million and 67.2 million CPOs, respectively, in the amount of Ps.1,150,000, Ps.2,692,926 and Ps.4,049,902, respectively, in connection with a share repurchase program that was approved by the Company's stockholders and exercised at the discretion of management. In April 2006, the Company's stockholders approved (i) the cancellation of 5,888.5 million shares of capital stock in the form of 50.3 million CPOs, which were repurchased by the Company under this program in 2004, 2005 and 2006; and (ii) up to 15% of the outstanding shares of the Company's common stock as the amount of shares that can be repurchased by the Company. In April 2007, the Company's stockholders approved (i) the cancellation of 8,275.8 million shares of capital stock in the form of 70.7 million CPOs, which were repurchased by the Company in 2006 and 2007.

[3] In connection with the Company's Long-Term Retention Plan described below.

[4] In connection with the Company's Stock Purchase Plan described below.

On December 21, 2006, the Company's stockholders approved certain changes to the Company's bylaws to conform with applicable regulations for Mexican public companies in accordance with the Mexican Stock Market law, which became effective in June 2006. These changes included, among others, the creation of a corporate practice committee, additional duties for the audit committee, more specific responsibilities for members of the board of directors and the corporate executive officer, and a new name for the nature of company under which the Company's is incorporated, which changed from "Sociedad Anónima" or "S.A." (limited liability company) to "Sociedad Anónima Bursátil" or "S.A.B." (public limited liability company).

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 stockholders 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" Shares, Series "B" Shares and Series "L" Shares.

At December 31, 2007, the restated tax value of the Company's common stock was Ps.23,186,027. 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 13).

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 of options to sell up to 8% of the Company's capital stock to key Group employees. Pursuant to this Plan, as of December 31, 2007, the Company had assigned approximately 117.4 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 2005, 2006 and 2007, approximately 26.9 million CPOs, 33.1 million CPOs, and 7.8 million CPOs, respectively, were exercised pursuant to this Plan in the amount of Ps.337,799, Ps.443,941 and Ps.123,653, respectively, and transferred to the Plan participants.

Long-term Retention Plan

The Company adopted 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. Pursuant to the Retention Plan, as of December 31, 2006 and 2007, the Company had assigned approximately 47.4 million CPOs and 52.5 million CPOs, respectively, at a weighted-average price of Ps.13.45 per CPO and Ps.18.39 per CPO, respectively, subject to certain conditions, including a vesting period between 2008 and 2012. During 2006, approximately 9,675 thousand CPOs were early exercised pursuant to this Retention Plan in the amount of Ps.117,959.

As of December 31, 2007, the designated Retention Plan trust owned approximately 133.8 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 2009 and 2023. In 2004, as a result of the Recapitalization described above and other related transactions, the designated Retention Plan trust received a number of Series "B", Series "D" and Series "L" Shares against the delivery of the same number of Series "A" Shares.

Beginning in 2005, in connection with the Company's Plan and Retention Plan, 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 arrangements and weighted-average assumptions:

	Stock Purchase Plan		Long-term Retention Plan	
Arrangements:				
Year of grant	2003	2004	2004	2007
Number of CPOs granted	2,360	32,918	46,784	5,971
Contractual life	3-5 years	1-3 years	4-6 years	3-5 years
Assumptions:				
Dividend yield	3.00%	3.00%	3.00%	3.00%
Expected volatility [1]	31.88%	21.81%	22.12%	21.98%
Risk-free interest rate	9.35%	6.52%	8.99%	7.54%
Expected life of awards (in years)	4.01 years	2.62 years	4.68 years	3.68 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, is presented below (in constant pesos and thousands of CPOs):

	2006		2007	
	CPOs	Weighted-Average Exercise Price	CPOs	Weighted-Average Exercise Price
Stock Purchase Plan:				
Outstanding at beginning of year	48,182	14.99	18,416	16.30
Granted	–	–	40	10.30
Exercised	(29,050)	12.39	(5,074)	15.85
Forfeited	(716)	13.07	(66)	10.30
Outstanding at beginning of year	18,416	16.30	13,316	15.74
Exercisable at end of year	8,492	15.80	11,236	16.24
Long-Term Retention Plan:				
Outstanding at beginning of year	46,784	12.10	47,390	11.75
Granted	1,340	11.75	5,971	56.93
Exercised	–	–	(4,851)	11.73
Forfeited	(734)	11.75	(856)	10.30
Outstanding at beginning of year	47,390	11.75	47,654	14.00
Exercisable at end of year	9,675	11.75	4,824	10.30

As of December 31, 2007, the weighted-average remaining contractual life of the awards under the Stock Purchase Plan and the Long-term Retention Plan is 0.5 and 1.32 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 2005 and 2006, the Company's stockholders approved increases to the legal reserve amounting to Ps.240,794 and Ps.193,802, 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.7,764,593 for the repurchase of shares, at the discretion of management. Through December 31, 2007, this reserve has been used in an amount of Ps.6,523,724, in connection with the cancellation of shares repurchased by the Company.

In April 2005, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,648,726 (nominal Ps.4,214,750), which consisted of nominal Ps.1.35 per CPO and nominal Ps.0.01153846153 per share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2005.

In April 2006, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.1,161,839 (nominal Ps.1,087,049), which consisted of nominal Ps.0.35 per CPO and nominal Ps.0.00299145 per share of Series "A", "B", "D" and "L," not in the form of a CPO, and was paid in cash in May 2006.

In April 2007, the Company's stockholders approved the payment of a dividend in the aggregate amount of Ps.4,506,492 (nominal Ps.4,384,719), which consisted of nominal Ps.1.45 per CPO and nominal Ps.0.01239316239 per share of series "A", "B", "D" and "L", not in the form of a CPO, and was paid in cash in May 2007.

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 taxable by multiplying such dividends by a 1.3889 factor and applying to the resulting amount the income tax rate of 28%.

At December 31, 2007, cumulative earnings that have been subject to income tax and can be distributed by the Company free of Mexican withholding tax were approximately Ps.1,081,163 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 (Loss)

Comprehensive income related to the majority interest for the years ended December 31, 2005, 2006 and 2007, was as follows:

	2005	2006	2007
Net income	Ps. 6,613,414	Ps. 8,908,943	Ps. 8,082,463
Other comprehensive (loss) income, net:			
Foreign currency translation adjustments, net [1]	(192,360)	595,682	204,174
Result from holding non-monetary assets, net [2]	(573,669)	(67,302)	23,491
Result from available for-sale investments, net [3]	–	(565,862)	565,862
(Loss) gain on equity accounts of investees, net [4]	(204,485)	57,930	5,382
Total other comprehensive (loss) income, net	(970,514)	20,448	798,909
Comprehensive income	Ps. 5,642,900	Ps. 8,929,391	Ps. 8,881,372

[1] The amounts for 2005 and 2006 include the foreign exchange gain (loss) of, Ps.450,057 and Ps.(594,267), respectively, which relate to the hedge of the Group's net investment in Univision as a foreign entity investment through June 30, 2006 (see Notes 1(c) and 18).

[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.229,603, Ps.31,439 and Ps.(7,523) for the years ended December 31, 2005, 2006 and 2007, respectively.

[3] The amount for 2006 includes a foreign exchange loss of Ps.(617,148); a foreign exchange gain of Ps.559,845, wich relates to the hedge of the Group´s investment in Univision as an available-for-sale investment beginning in July 2006; a loss on monetary position of Ps.(433,492); and a fair value loss effect of Ps.(75,067). In 2007, the net amount of Ps.565,862 was applied to consolidated income as other expense, net (see Note 18).

[4] Represents the gains or losses on the dilution of investments in equity investees, as well as other comprehensive income recognized by equity investees.

The changes in components of accumulated other comprehensive (loss) income for the years ended December 31, 2005, 2006 and 2007, were as follows:

	Gain (Loss) on Equity Accounts of Investees	Accumulated Monetary Result	Result from Available-For-Sale Financial Assets	Cumulative Result from Holding Non-Monetary Assets	Cumulative Result from Foreign Currency Translation	Cumulative Effect of Deferred Income Taxes	Accumulated Other Comprehensive Loss
Balance at January 1, 2005	Ps. 4,377,223	Ps.(35,186)	Ps. –	Ps. (2,019,836)	Ps. (1,956,075)	Ps. (3,224,437)	Ps. (2,858,311)
Current year change	(204,485)	–	–	(573,669)	(192,360)	–	(970,514)
Balance at December 31, 2005	4,172,738	(35,186)	–	(2,593,505)	(2,148,435)	(3,224,437)	(3,828,825)
Current year change	57,930	–	(565,862)	(67,302)	595,682	–	20,448
Balance at December 31, 2006	4,230,668	(35,186)	(565,862)	(2,660,807)	(1,552,753)	(3,224,437)	(3,808,377)
Current year change	5,382	–	565,862	23,491	204,174	–	798,909
Balance at December 31, 2007	Ps. 4,236,050	Ps.(35,186)	Ps. –	Ps. (2,637,316)	Ps. (1,348,579)	Ps. (3,224,437)	Ps. (3,009,468)

Cumulative result from holding non-monetary assets as of December 31, 2005, 2006 and 2007 is net of a deferred income tax benefit of Ps.358,975, Ps.390,414 and Ps.382,891, respectively.

15. Minority Interest

Minority interest at December 31, consisted of:

	2006	2007
Capital stock [1]	Ps. 3,964,514	Ps. 1,398,744
(Accumulated losses) retained earnings [1]	(2,526,961)	1,665,069
Cumulative result from holding non-monetary assets	(345,034)	(389,720)
Accumulated monetary result	(521)	(161)
Cumulative effect of deferred income taxes	(59,750)	1,328
Net income for the year	610,353	935,927
	Ps. 1,642,601	Ps. 3,611,187

[1] During 2007 Sky capitalized accumulated losses.

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, for the years ended December 31, were as follows:

	2005	2006	2007
Revenues:			
Royalties (Univision) [a]	Ps. 1,195,360	Ps. 1,466,561	Ps. –
Soccer transmission rights (Univision)	98,947	99,673	–
Programming production and transmission rights [b]	100,625	36,460	98,836
Administrative services [c]	79,611	55,602	65,586
Interest income	1,344	17,145	–
Advertising [d]	34,976	90,938	80,122
	Ps. 1,510,863	Ps. 1,766,379	Ps. 244,544
Costs:			
Donations	Ps. 114,627	Ps. 105,901	Ps. 98,029
Administrative services [c]	28,727	11,633	30,101
Other	251,885	79,834	263,714
	Ps. 395,239	Ps. 197,368	Ps. 391,844

[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. Univision was no longer considered a related party during 2007 (see Note 2).

[b] Services rendered to Endemol and other affiliates in 2005, 2006 and 2007.

[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 OCEN in 2005, 2006 and 2007, and Volaris in 2006 and 2007.

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

[1] 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. Total fees for such services during 2006 and 2007 amounted to Ps.19,281 and Ps.20,816, respectively.

[2] 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. Some members of the Group's Board serve as board members of this bank.

[3] Two of the Group's directors and one of the Group's alternate directors are members of the board as well as stockholders 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.

[4] Several other members of the Company's current board serve as members of the boards and/or are stockholders of other companies, some of which purchased advertising services from the Group in connection with the promotion of their respective products and services, paying rates applicable to third-party advertisers for these advertising services.

[5] During 2005, 2006 and 2007, a professional services firm in which a current director maintains interest provided legal advisory services to the Group in connection with various corporate matters. Total fees for such services amounted to Ps.19,128, Ps.17,256 and Ps.21,831, respectively.

[6] A television production company, indirectly controlled by a company where a member of the board and executive of the Company is a stockholder, provided production services to the Group in 2005, 2006 and 2007, in the amount of Ps.123,202, Ps.84,229 and Ps.153,364, respectively.

[7] During 2006 and 2007 the Group paid sale commissions to a company where a member of the board and executive of the Company is a stockholder, in the amount of Ps.113,972 and Ps.49,614, respectively.

[8] During 2005, 2006 and 2007, a company in which a current director and executive of the Company is a stockholder, purchased unsold advertising from the Group for a total of Ps.156,225, Ps.166,741 and Ps.160,000, respectively.

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

		2006		2007
Receivables:				
Grupo TV Promo, S.A. de C.V.	Ps.	–	Ps.	103,500
Univision (see Note 2)		108,122		–
Editorial Clío, Libros y Videos, S.A. de C.V.		7,182		9,241
Volaris (see Note 2)		34,374		10,859
OCEN (see Note 5)		2,027		28,666
Other		40,056		42,757
	Ps.	191,761	Ps.	195,023
Payables:				
TechCo (see Note 2)	Ps.	(4,229)	Ps.	(71,159)
News Corp. (see Note 2)		(24,397)		(50,303)
Other		(10,940)		(5,729)
	Ps.	(39,566)	Ps.	(127,191)

All significant account balances included in amounts due from affiliates bear interest. In 2005, 2006 and 2007, average interest rates of 9.6%, 7.5% and 7.7% 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, 2006 and 2007, included deposits and advances from affiliates and other related parties, which were primarily made by Univision (see Note 11), OCEN, Editorial Clío, Libros y Videos, S.A. de C.V., and Volaris in 2006 and 2007, in an aggregate amount of Ps.297,917 and Ps.161,286, respectively.

17. Other Expense, Net

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

		2005		2006		2007
Loss (gain) on disposition of investments, net (see Note 2)	Ps.	172,896	Ps.	–	Ps.	669,473
Donations (see Note 16)		129,609		135,001		150,224
Financial advisory and professional services [1]		78,252		102,876		191,495
Employees' profit sharing [2]		21,493		31,649		20,821
Loss on disposition of fixed assets		119,938		–		37,989
Restructuring severance costs		44,645		46,984		27,736
Impairment adjustments [3]		–		93,464		493,693
Expenses of debt placement [4]		195,536		496,999		–
Termination fee income for the cancellation of a call option (see Note 2)		–		–		(462,083)
Other expense (income), net [5]		8,530		(18,903)		(175,996)
	Ps.	770,899	Ps.	888,070	Ps.	953,352

[1] 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).

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

[3] During 2006 and 2007, the Group tested for impairment the carrying value of certain trademarks of its Publishing segment, and goodwill of certain business of its Television Broadcasting segment, respectively. As a result of such testing, an impairment adjustment was made to trademarks in 2006, and goodwill in 2007, of Ps.93,464 and Ps.493,693, respectively.

[4] In 2005, these expenses were related to Senior Notes due 2011 and Notes denominated in Mexican UDIs due 2007, and in 2006, these expenses were related to Senior Notes due 2013 (see Note 8).

[5] In 2007, includes primarily a cancellation of a provision for certain contingencies in connection with the acquisition of exclusivity rights of certain soccer players from foreign entities (see Note 11).

18. Integral Cost of Financing

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

	2005	2006	2007
Interest expense [1]	Ps. 2,304,503	Ps. 2,010,425	Ps. 2,176,998
Interest income	(1,006,364)	(1,135,400)	(1,844,653)
Foreign exchange loss (gain), net [2]	785,493	197,678	(215,897)
(Gain) loss from monetary position [3]	(159,671)	68,325	293,766
	Ps. 1,923,961	Ps. 1,141,028	Ps. 410,214

[1] Interest expense in 2005, 2006 and 2007, includes Ps.41,109, Ps.41,341 and Ps.13,034, respectively, derived from the UDI index restatement of Company's UDI-denominated debt securities and a net gain from related derivative contracts of Ps.6,803, in 2005, (see Notes 8 and 9).

[2] Includes in 2005, 2006 and 2007 a net loss (gain) from foreign currency derivative contracts of Ps.768,987, Ps.59,916 and Ps.(39,087), respectively. A foreign exchange (gain) loss in 2005, 2006 and 2007 of Ps.(450,057), Ps.34,422, and Ps.211,520, respectively, related to the hedge of the Group's net investment in Univision, was recognized in 2005 and 2006 in consolidated stockholders´equity as other comprehensive income or loss, and in 2007 in consolidated income as other expense, net (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 2005, 2006 and 2007 of Ps.143,831, Ps.111,652 and Ps.135,548, respectively, arising from temporary differences of non-monetary items in calculating deferred income tax (see Note 19).

19. Income Taxes

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 100% as of December 31, 2006, and 2007. The asset tax is computed on a fully consolidated basis.

The Mexican corporate income tax rate in 2005, 2006 and 2007 was 30%, 29% and 28%, respectively. In accordance with the current Mexican Income Tax Law, the corporate income tax rate in subsequent years will be 28%.

The income tax provision for the years ended December 31, 2005, 2006 and 2007 was comprised as follows:

	2005	2006	2007
Income tax and asset tax, current	Ps. 1,661,596	Ps. 799,833	Ps. 3,707,763
Income tax and asset tax, deferred	(850,520)	1,292,645	(358,122)
	Ps. 811,076	Ps. 2,092,478	Ps. 3,349,641

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.

	% 2005	% 2006	% 2007
Tax at the statutory rate on income before provisions	30	29	28
Differences in inflation adjustments for tax and book purposes	1	–	2
Hedge	1	–	–
Special tax consolidation items	(2)	–	–
Unconsolidated income tax	–	–	1
Minority interest	(2)	–	(4)
Excess in tax provision of prior years	(1)	–	–
Changes in valuation allowances:			
Asset tax	–	3	3
Tax loss carryforwards	(1)	3	–
Foreign operations	(5)	(2)	(5)
Equity in losses (earnings) of affiliates, net	–	1	2
Use of tax losses [a]	(12)	(16)	–
Provision for income tax and the asset tax	9	18	27

[a] In 2005, this amount represents the effect of the use of tax losses in connection with the acquisition of Comtelvi (see Note 2). In 2006, this amount represents the effect of the use of tax deductions related to certain transactions made by the Group in connection with a corporate reorganization.

The Group has tax loss carryforwards at December 31, 2007, as follows:

	Amount	Expiration
Operating tax loss carryforwards:		
Unconsolidated:		
Mexican subsidiaries [1]	Ps. 2,899,932	From 2008 to 2017
Non-Mexican subsidiaries [2]	1,707,733	From 2008 to 2028
	4,607,665	
Capital tax loss carryforwards:		
Unconsolidated Mexican subsidiaries [3]	112,743	From 2008 to 2010
	Ps. 4,720,408	

[1] During 2005, 2006 and 2007, certain Mexican subsidiaries utilized unconsolidated operating tax loss carryforwards of Ps.483,304, Ps.3,279,827 and Ps.3,438,922, respectively. In 2005, 2006 and 2007, the carryforward amount includes the operating tax loss carryforwards related to the minority interest of Sky.

[2] Approximately for the equivalent of U.S.$156.4 million related to losses from subsidiaries in Europe, South America and the United States.

[3] These carryforwards can only be used in connection with capital gains to be generated by such subsidiaries.

The asset tax rate was 1.8% in 2005 and 2006. In 2007, the asset tax rate decreased from 1.8% to 1.25%; however, those asset tax deductions that were permitted in prior years are not longer allowed beginning 2007.

The deferred taxes as of December 31, 2006 and 2007, were principally derived from the following temporary differences:

	2006	2007
Assets:		
Accrued liabilities	Ps. 672,091	Ps. 700,449
Goodwill	807,453	945,687
Tax loss carryforwards	1,345,198	843,549
Allowance for doubtful accounts	285,310	286,933
Customer advances	1,238,883	901,333
Other items	171,371	148,517
Liabilities:		
Inventories	(641,907)	(401,788)
Property, plant and equipment, net	(1,112,795)	(961,509)
Prepaid expenses	(1,293,728)	(1,403,224)
Sky	(923,767)	(525,164)
Deferred income taxes of Mexican companies	548,109	534,783
Deferred income taxes of foreign subsidiaries	(119,690)	547,532
Asset tax	1,455,384	1,477,037
Valuation allowances [a]	(3,428,544)	(3,832,186)
Deferred income tax liability, net	Ps. (1,544,741)	Ps. (1,272,834)

[a] Reflects valuation allowances of foreign subsidiaries of Ps.357,753 and Ps.565,912 at December 31, 2006 and 2007, respectively.

A roll forward of the Group's valuation allowance for 2007 is as follows:

	Tax Loss Carryforwards	Asset Tax	Goodwill	Total
Balance at beginning of year	Ps. (1,467,715)	Ps. (1,153,376)	Ps. (807,453)	Ps. (3,428,544)
Increases	–	(323,661)	(138,234)	(461,895)
Decreases	58,253	–	–	58,253
Balance at end of year	Ps. (1,409,462)	Ps. (1,477,037)	Ps. (945,687)	Ps. (3,832,186)

The change in the deferred income tax liability for the year ended December 31, 2007, representing a charge of Ps.271,907 was recorded against the following accounts:

Charge to the gain from monetary position [1]	Ps. 79,582
Credit to the stockholder's equity	(890)
Charge to the result from holding non-monetary assets	7,523
Credit to the provision for deferred income tax	(358,122)
	Ps. (271,907)

[1] Net of Ps.135,548, representing the effect on restatement of the non-monetary items included in the deferred tax calculation.

On October 1, 2007, the Mexican government enacted the new Flat Rate Business Tax ("Impuesto Empresarial a Tasa Única" or "IETU"). This law became effective as of January 1, 2008. The law introduces a flat tax, which replaces Mexico's asset tax and is applied along with Mexico's regular income tax. In general, Mexican companies are subject to paying the greater of the IETU or the income tax. The flat tax is calculated by applying a tax rate of 16.5% in 2008, 17% in 2009, and 17.5% in 2010 and the following years. Although the IETU is defined as a minimum tax it has a wider taxable base as many of the tax deductions allowed for income tax purposes are not allowed for the IETU. As of December 31, 2007, this tax law change did not have an effect on the Group's deferred tax position, and the Group does not expect to have to pay the new tax in the near future.

20. Earnings per CPO/Share

During the years ended December 31, 2005, 2006 and 2007, 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):

	2005	2006	2007
Total Shares	341,158,189	339,776,222	333,652,535
CPOs	2,463,608	2,451,792	2,399,453
Shares not in the form of CPO units:			
Series "A" Shares	52,915,759	52,915,849	52,915,849
Series "B" Shares	108	187	187
Series "D" Shares	113	239	239
Series "L" Shares	113	239	239

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, 2005, 2006 and 2007, are presented as follows:

	2005				2006				2007			
		Per CPO		Per Each Series "A", "B", "D" and "L" Share		Per CPO		Per Each Series "A", "B", "D" and "L" Share		Per CPO		Per Each Series "A", "B", "D" and "L" Share
Continuing operations	Ps.	2.46	Ps.	0.02	Ps.	3.07	Ps.	0.03	Ps.	2.84	Ps.	0.02
Cumulative loss of accounting change		(0.19)		–		–		–		–		–
Majority interest net income	Ps.	2.27	Ps.	0.02	Ps.	3.07	Ps.	0.03	Ps.	2.84	Ps.	0.02

21. Foreign Currency Position

The foreign currency position of monetary items of the Group at December 31, 2007, was as follows:

	Foreign Currency Amounts (Thousands)		Year-End Exchange Rate	Mexican Pesos
Assets:				
U.S. dollars	2,110,165	Ps.	10.9222	Ps.23,047,644
Euros	93,731		15.9339	1,493,499
Argentinean pesos	73,230		3.4684	253,990
Chilean pesos	8,849,926		0.0219	193,813
Colombian pesos	18,060,219		0.0054	97,525
Other currencies				127,209
Liabilities:				
U.S. dollars	1,758,217	Ps.	10.9222	Ps.19,203,597
Euros	8,367		15.9339	133,321
Argentinean pesos	54,438		3.4684	188,814
Chilean pesos	11,711,578		0.0219	256,484
Colombian pesos	22,999,781		0.0054	124,199
Other currencies				47,210

The foreign currency position of non-monetary items of the Group as of December 31, 2007, was as follows:

	Foreign Currency Amounts (Thousands)		Year-End Exchange Rate	Mexican Pesos [1]
Property, plant and equipment:				
U.S. dollars	346,300	Ps.	10.9222	Ps. 3,782,358
Japanese yen	3,232,850		0.0977	315,849
Euros	16,726		15.9339	266,510
Other currencies				387,212
Transmission rights and programming:				
U.S. dollars	481,416	Ps.	10.9222	Ps. 5,258,122

[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 2007 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	$ 488,760	$ 81,529	$ 570,289	Ps. 6,228,811
Other income	15,632	47,473	63,105	689,245
Interest income	84,380	4,655	89,035	972,458
	$ 588,772	$ 133,657	$ 722,429	Ps. 7,890,514
Purchases, costs and expenses:				
Purchases of inventories	$ 178,048	$ 13,695	$ 191,743	Ps. 2,094,255
Purchases of property and equipment	76,348	18,063	94,411	1,031,176
Investments	409,466	96,168	505,634	5,522,636
Costs and expenses	453,656	67,806	521,462	5,695,512
Interest expense	88,689	286	88,975	971,803
	$ 1,206,207	$ 196,018	$ 1,402,225	Ps.15,315,382

[1] Income statement amounts translated at the year-end exchange rate of Ps.10.9222 for reference purposes only; does not indicate the actual amounts accounted for in the financial statements (see Note 1(c)).

As of December 31, 2007, the exchange rate was Ps.10.9222 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 April 7, 2008, the exchange rate was Ps.10.5468 per U.S. dollar, which represents the interbank free market exchange rate on that date as reported by Banco Nacional de México, S.A.

22. Segment Information

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 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

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

Cable and Telecom

The Cable and Telecom segment includes the operation of a cable television system in the Mexico City metropolitan area, and beginning in December 2007, the operation of telecommunications facilities through a fiber-optic network that covers the most important cities and economic regions of Mexico and crosses directly into the United States in the cities of San Antonio, Texas and San Diego, California. The cable business derives revenues from cable subscribers, principally from basic and premium television services subscription, pay-per-view fees, installation fees, internet services subscription and telephone services subscription (beginning in the third quarter of 2007), as well as from local and national advertising sales. The telecommunications business derives revenues from providing data and long-distance services solutions to carriers and other telecommunications service providers through its fiber-optic network.

Other Businesses

The Other Businesses segment includes the Group's domestic operations in sports and show business promotion, soccer, feature film production and distribution, Internet, gaming (beginning in the second quarter of 2006), and radio (beginning in the first quarter of 2007). The Group's Radio business was presented as a separate reportable segment in 2005 and 2006, and was classified into the Other Businesses segment since its operations are no longer significant to the Group's consolidated financial statements taken as a whole.

The table below presents information by segment and a reconciliation to consolidated total for the years ended December 31, 2005, 2006 and 2007.

	Total Revenues	Intersegment Revenues	Consolidated Revenues	Segment Profit (Loss)
2005:				
Television Broadcasting	Ps. 20,049,877	Ps. 592,102	Ps.19,457,775	Ps. 9,557,689
Pay Television Networks	1,199,676	316,382	883,294	559,336
Programming Exports	2,025,325	–	2,025,325	721,939
Publishing	2,705,051	41,642	2,663,409	518,302
Publishing Distribution	434,226	11,038	423,188	7,127
Sky	6,463,328	34,490	6,428,838	2,717,250
Cable and Telecom	1,517,058	3,114	1,513,944	528,551
Other Businesses	1,801,866	129,626	1,672,240	(138,379)
Segment totals	36,196,407	1,128,394	35,068,013	14,471,815
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,128,394)	(1,128,394)	–	(197,004)
Depreciation and amortization expense	–	–	–	(2,611,629)
Consolidated total	Ps. 35,068,013	Ps. –	Ps.35,068,013	Ps.11,663,182 [1]
2006:				
Television Broadcasting	Ps. 21,760,426	Ps. 579,576	Ps.21,180,850	Ps.10,996,343
Pay Television Networks	1,379,003	289,526	1,089,477	707,897
Programming Exports	2,190,272	–	2,190,272	901,965
Publishing	2,993,912	19,711	2,974,201	576,677
Publishing Distribution	449,830	11,881	437,949	18,676
Sky	7,732,878	93,825	7,639,053	3,689,128
Cable and Telecom	2,059,350	5,040	2,054,310	847,527
Other Businesses	1,922,296	130,709	1,791,587	(224,898)
Segment totals	40,487,967	1,130,268	39,357,699	17,513,315
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,130,268)	(1,130,268)	–	(467,828)
Depreciation and amortization expense	–	–	–	(2,779,772)
Consolidated total	Ps. 39,357,699	Ps. –	Ps.39,357,699	Ps.14,265,715 [1]
2007:				
Television Broadcasting	Ps.21,213,175	Ps. 456,133	Ps.20,757,042	Ps.10,518,063
Pay Television Networks	1,851,969	487,718	1,364,251	1,150,226
Programming Exports	2,262,137	620	2,261,517	1,032,022
Publishing	3,311,867	16,918	3,294,949	624,360
Publishing Distribution	479,223	13,104	466,119	28,540
Sky	8,402,151	80,124	8,322,027	4,037,860
Cable and Telecom	2,611,613	3,063	2,608,550	947,178
Other Businesses	2,560,444	73,373	2,487,071	(265,939)
Segment totals	42,692,579	1,131,053	41,561,526	18,072,310
Reconciliation to consolidated amounts:				
Eliminations and corporate expenses	(1,131,053)	(1,131,053)	–	(368,344)
Depreciation and amortization expense	–	–	–	(3,223,070)
Consolidated total	Ps.41,561,526	Ps. –	Ps.41,561,526	Ps.14,480,896 [1]

[1] Consolidated totals represent consolidated operating income.

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, 2005, 2006 and 2007.

	Segment Assets at Year-End	Segment Liabilities at Year-End	Additions to Property, Plant and Equipment
2005:			
Continuing operations:			
Television operations [1]	Ps.50,112,094	Ps.24,107,651	Ps. 944,879
Publishing	2,228,025	374,842	11,419
Publishing Distribution	988,561	459,139	6,251
Sky	4,916,283	6,452,931	1,281,951
Cable and Telecom	2,519,036	506,766	600,991
Other Businesses	4,432,975	557,889	110,681
Total	Ps.65,196,974	Ps.32,459,218	Ps. 2,956,172
2006:			
Continuing operations:			
Television operations [1]	Ps.60,019,459	Ps.24,294,817	Ps. 1,150,077
Publishing	2,185,263	365,010	36,507
Publishing Distribution	1,002,951	473,718	16,564
Sky	6,445,978	5,619,942	1,038,535
Cable and Telecom	3,050,590	763,844	860,518
Other Businesses	5,254,961	963,293	326,331
Total	Ps.77,959,202	Ps.32,480,624	Ps. 3,428,532
2007:			
Continuing operations:			
Television operations [1]	Ps.60,211,587	Ps.26,298,566	Ps. 1,149,261
Publishing	3,012,529	673,078	156,341
Publishing Distribution	1,183,543	605,032	65,568
Sky	8,893,874	6,178,789	1,338,938
Cable and Telecom	7,806,023	4,706,581	851,379
Other Businesses	5,502,059	832,827	353,952
Total	Ps.86,609,615	Ps.39,294,873	Ps. 3,915,439

[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:

	2006	2007
Segment assets	Ps.77,959,202	Ps.86,609,615
Investments attributable to:		
Television operations [1]	1,737,448	3,781,767
Cable and Telecom	2,992,310	3,583,173
Other segments	1,252,119	772,648
Goodwill net attributable to:		
Television operations	1,403,488	909,792
Publishing	24,579	690,144
Cable and Telecom	–	1,780,024
Other Businesses	817,006	576,313
Total assets	Ps.86,186,152	Ps.98,703,476

[1] Includes goodwill attributable to equity investments of Ps.41,105 and Ps.22,004 in 2006 and 2007, respectively.

Equity method income (loss) for the years ended December 31, 2005, 2006 and 2007 attributable to television operations, equity investments approximated Ps.193,499, Ps.(630,086) and Ps.(768,457), respectively.

Segment liabilities reconcile to total liabilities as follows:

	2006	2007
Segment liabilities	Ps.32,480,624	Ps.39,294,873
Notes payable and long-term debt not attributable to segments	15,690,651	18,758,303
Total liabilities	Ps.48,171,275	Ps.58,053,176

Geographical segment information:

	Total Net Sales	Segment Assets at Year-End	Additions to Property, Plant and Equipment
2005:			
Mexico	Ps. 31,004,846	Ps. 58,287,493	Ps. 2,924,115
Other countries	4,063,167	6,909,481	32,057
	Ps. 35,068,013	Ps. 65,196,974	Ps. 2,956,172
2006:			
Mexico	Ps. 34,793,376	Ps. 72,199,969	Ps. 3,391,671
Other countries	4,564,323	5,759,233	36,861
	Ps. 39,357,699	Ps. 77,959,202	Ps. 3,428,532
2007:			
Mexico	Ps. 36,532,710	Ps. 71,194,036	Ps. 3,779,583
Other countries	5,028,816	15,415,579	135,856
	Ps. 41,561,526	Ps. 86,609,615	Ps. 3,915,439

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