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Prisa Finance Netherlands, B.V.

2006 Annual Report

For identification purpose only.
Related to auditor's report
dated ...*6/11/07*...

Prisa Finance Netherlands B.V.
Amsterdam

Date
1 June 2007

From
J. Penon

Reference
3100055197/OP9997/ldw

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2006 of Prisa Finance Netherlands B.V., Amsterdam, The Netherlands, which comprise the balance sheet as at 31 December 2006, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Prijs Finance Netherlands B.V. as at 31 December, 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Deloitte Accountants B.V.



J. Penon

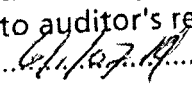
PRISA FINANCE NETHERLANDS, B.V.

2006 ANNUAL REPORT

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PRISA FINANCE NETHERLANDS, B.V.

MANAGEMENT REPORT

This management report summarizes the performance of the operations of Prisa Finance Netherlands, B.V. ("The Company"), and lists the highlights in 2006 and the important details of its outlook for the future.

A. Highlights in 2006

On December 11, 2003, the Company, wholly-owned by Promotora de Informaciones, S.A., issued a €162,300 thousand Exchangeable Bonds due 2008, guaranteed by, and exchangeable for, ordinary shares of Promotora de Informaciones, S.A. The face value of each bond was €10,000. Following the placement of this issue, the annual coupon was set at 1.75% of the bond principal and the exchange premium of each bond was set at 34% of the benchmark price per share established at €11.0755.

On December 31, 2006, the Company paid the third annual coupon, which amounted to € 2,840 thousand.

As of December 31, 2006, no Bondholder has exercised its Exchange Right.

B. Significant events subsequent to year-end

There are not subsequent event to 2006 year-end.

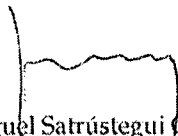
C. Future Outlook

Throughout 2007 the Company will also continue with the performance of financial transactions through purchaser of marketable securities and evidence of indebtedness.

Amsterdam, The Netherlands

June 1, 2007

Promotora de Informaciones, S.A.



Miguel Satrustegui Gil-Delgado

Prisa División Internacional, S.L.



Matilde Casado Moreno

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PRISA FINANCE NETHERLANDS, B.V.
BALANCE SHEET AS OF DECEMBER 31, 2006 AND 2005

(Before appropriation of result)

(Amounts in Euros)

ASSETS

	<u>Note</u>	<u>2006</u>	<u>2005</u>
FIXED AND OTHER NONCURRENT ASSETS:			
Long-term investments-			
Long-term accounts receivable from parent Company	4	162.300.000	162.300.000
Total fixed and other noncurrent assets		162.300.000	162.300.000
CURRENT ASSETS:			
Accounts receivable-			
Parent companies		489.015	210.816
Cash		51.246	65.035
Total current assets		540.261	305.851
Total assets		162.840.261	162.605.851

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SHAREHOLDERS' EQUITY AND LIABILITIES

(Before appropriation of result)

	Note	2006	2005
SHAREHOLDERS' EQUITY:	5		
Capital stock		18,000	18,000
Reserves		(15)	(405)
Net Income for the year		30	390
Total shareholders' equity		18,015	17,985
LONG-TERM DEBT			
Exchangeable bonds	4	162,300,000	162,300,000
CURRENT LIABILITIES:			
Group companies		145	122
Accrued taxes payable		14,149	16,039
Other payables		507,952	271,705
Total current liabilities		522,246	287,866
Total shareholders' equity and liabilities		162,840,261	162,605,851

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PRISA FINANCE NETHERLANDS, B.V.

STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005

(Amounts in Euros)

	Note	2006	2005
REVENUES:			
Operating revenues		-	-
COST OF SALES:			
Other operating expenses		(1.427)	(388)
		(1.427)	(388)
Operating losses		(1.427)	(388)
FINANCIAL INCOME AND EXPENSES:			
Interest income	4	2.841.704	2.841.099
Interest expenses	4	(2.840.241)	(2.840.250)
		1.463	849
Results before taxes		36	461
Corporate income tax		(6)	(71)
NET INCOME		30	390

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PRISA FINANCE NETHERLANDS, B.V.

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2006

(Amounts in Euros)

1. General

Prisa Finance Netherlands, B.V. ("the Company"), is a company incorporated on October 31, 2003, under the laws of the Netherlands and its official commercial register of commerce under number 34197663. Its registered office is at De Boelelaan 7 in Amsterdam, the Netherlands, and it has its statutory seat in Madrid, Spain, and its place of business at Gran Vía, 32, Madrid, Spain.

The Company, whose shareholder is Promotora de Informaciones, S.A., engages mainly in the performance of financial transactions through purchaser of marketable securities and evidence of indebtedness, and the participation in the managing, supervision and promotion of companies.

2. Basis of presentation of the financial statements

True and fair view-

The 2006 financial statements, which were prepared from the accounting records of Prisa Finance Netherlands, B.V., are presented in accordance with generally accepted accounting principles in The Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of The Netherlands Civil Code, and, accordingly, give a true and fair view of the Company's net worth, financial position and results for 2006. The financial statements for 2006, which were prepared by the directors, will be submitted for approval by the Shareholders' Meeting, and it is considered that they will be approved without any changes. The 2005 financial statements were approved by the Shareholders Meeting on June 15, 2006.

3. Accounting principles

(a) General

Assets and liabilities are stated at face value unless specifically indicated otherwise.

(b) Long-term investments

The "Long-term accounts receivable from parent Company" caption includes €162,300 thousand transferred to Promotora de Informaciones, S.A. as a deposit, payable on the same terms and conditions as those established for the issued bonds (see Note 4).

(c) Corporate income tax

The expense for corporate income tax for each year is calculated on the basis of book income before taxes, increased or decreased, as appropriate, by the permanent differences from taxable income, net of tax relief and tax credits.

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(d) Recognition of revenues and expenses

Revenues and expenses are recognized when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arises.

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

4. Long-term accounts receivable from parent Company - Exchangeable bonds

On December 11, 2003, the Company, wholly-owned by Promotora de Informaciones, S.A., issued a €162,300 thousand Exchangeable Bonds due 2008, guaranteed by, and exchangeable for, ordinary shares of Promotora de Informaciones, S.A. The face value of each bond was €10,000. Following the placement of this issue, the annual coupon was set at 1.75% of the bond principal and the exchange premium of each bond was set at 34% of the benchmark price per share established at €11.0755.

The account of "Interest Expenses" relates to the interest beared by the Bonds at the rate of 1.75% per annum of the principal amount. As of December 31, 2006, it amounts to €2,840 thousand.

The maturity date of the bonds was established at five years from the issue date.

As of December 31, 2006, no Bondholder has exercised its Exchange Right.

In the context of this issue, on December 19, 2003, the Company entered into an escrow deposit agreement with Promotora de Informaciones, S.A., whereby Promotora de Informaciones, S.A. guarantees bondholders that it will fulfill all its obligations.

Also, the proceeds from the issue of the Bonds, amounting to €162,300 thousand, were transferred to Promotora de Informaciones, S.A. as a deposit, and the interest thereon was 1.75% per annum of the principal amount, payable on the same terms and conditions as those established for the issue. As of December 31, 2006 the total amount of interest added up to €2,842 thousand and it is recorded in the "Interest Income" account.

Promotora de Informaciones, S.A. plans, through the company, to cover the exchangeable bond issue through all the shares of treasury stock held by it.

In addition to the foregoing, Promotora de Informaciones, S.A. made available to the entities managing the transaction, as a securities loan, up to a maximum of 9,846,562 shares of its treasury stock in order to provide financial coverage for the investors that required it. As of December 31, 2006, the number of shares thus loaned was 6,042,400. The loan will earn interest of five basis points, payable monthly, calculated on the basis of the market value of the loaned shares. Also, Promotora de Informaciones, S.A. will be entitled to receive from the entities managing the transaction the full amount of any dividend granted to the loaned shares during the term of the loan.

On the other hand, this exchangeable bond issue made by the Company meets the requirements with generally accepted accounting standards in the Netherlands for being considered to be an "Equity instrument". The liability component which represents the fair value of the option included in this instrument, of the net amount received since the bond issue that could be separated from the equity component amount to €9,541 thousand. The fair value of the liability component was determined as the sum of all future cash payments using the prevailing market rate of interest for a Netherlands bond without the exchangeable option.

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5. Shareholders' equity

	Issued and paid in shares	Reserves	Net Income for the year Shares	Total
	EUR	EUR	EUR	EUR
Balance as of December, 31 2005	18.000	(405)	390	17.985
Appropriation of net Income for the year	-	390	-390	-
Balance as of December, 31 2006	18.000	(15)	30	18.015

As of December 31, 2006, the capital stock of the Company consisted of 18 shares of €1.000 par value each.

As of December 31, 2006, the only shareholder of the Company is Promotora de Informaciones, S.A.


6. Directors' remuneration and other benefits

Neither in 2006 nor in 2005 there have been compensations for the Company's Board of Directors. Also, no credits, advances or loans have been granted to the members of the Board of Directors, and there are no pension commitments to them.

Amsterdam, The Netherlands

June 1, 2007

Promotora de Informaciones, S.A.



Miguel Satrustegui Gil-Delgado

Prisa División Internacional, S.L.



Matilde Casado Moreno

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Prisa Finance Netherlands, B.V.

Other Information

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PRISA FINANCE NETHERLANDS, B.V.

OTHER INFORMATION


1. Auditors' report

The auditors' report is on the next page.

2. Allocation of result

In accordance with Article 22, paragraph 1 of the Articles of Association the Shareholders's Body will determine the allocation of result.

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Amsterdam

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