vocento

ANUAL REPORT

2016

INDEX

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VOCENTO, S.A.

Independent auditor's report on annual accounts
as at December, 31 2016

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

INDEPENDENT AUDITOR´S REPORT ON ANNUAL ACCOUNTS

To the shareholders of Vocento, S.A.:

Report on the Annual Accounts

We have audited the accompanying annual accounts of Vocento, S.A., which comprise the balance sheet as at December 31, 2016, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

Directors' Responsibility for the Annual Accounts

The company´s directors are responsible for the preparation of these annual accounts, so that present fairly the equity, financial position and financial performance of Vocento, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, as identified in Note 2 to the accompanying annual accounts, and for such internal control as directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with legislation governing the audit practice in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts 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 presentation of the annual accounts taken as a whole.

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 accompanying annual accounts present fairly, in all material respects, the equity and financial position of Vocento, S.A. as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

Report on Other Legal and Regulatory Requirements

The accompanying directors' Report for 2016 contains the explanations which the directors consider appropriate regarding the company's situation, the development of its business and other matters and does not form an integral part of the annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the annual accounts for 2016. Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from the company´s accounting records.

PricewaterhouseCoopers Auditores, S.L.

(Original in spanish version signed by Virginia Arce Peralta)

28 de febrero de 2017

Vocento, S.A.

Annual Accounts and Directors' Report for 2016 together with the Audit Report

Vocento, S.A.

BALANCE SHEET AT THE END OF 2016
(Thousand euro)

ASSETS	Note	2016	2015
NON-CURRENT ASSETS		**619,541**	**681,312**
Intangible assets	**5**	**85**	**81**
Computer software		29	44
Prepayments for assets		56	37
Property, plant and equipment	**6**	**1,006**	**1,083**
Land and buildings		994	1,065
Plant and other PPE		12	18
Non-current investments in group companies		**575,249**	**633,029**
Equity instruments	7	539,404	592,324
Non-current loans to Group companies and associates	8	35,845	40,705
Non-current financial investments		**2**	**2**
Other financial assets		2	2
Deferred tax assets	**13**	**43,199**	**47,117**
CURRENT ASSETS		**15,343**	**15,492**
Inventories		**15**	**19**
Trade and other receivables		**2,577**	**2,807**
Trade receivables for sales and services rendered		222	240
Trade payables to Group companies and associates	8	581	149
Current tax assets	13	1,325	1,850
Other payables to public institutions	13	449	568
Current investments in group companies and associates	**8**	**12,539**	**12,458**
Loans to Group companies		12,539	12,458
Current prepayments and accrued income		**-**	**18**
Cash and other equivalents	**9**	**212**	**190**
Cash		212	190
TOTAL ASSETS		**634,884**	**696,804**

EQUITY AND LIABILITIES	Note	2016	2015
EQUITY	**10**	**256,608**	**319,026**
Equity		**258,241**	**321,106**
Capital		**24,994**	**24,994**
Authorized capital		24,994	24,994
Reserves		**399,851**	**404,538**
Legal		4,999	4,999
Other reserves		394,852	399,539
Treasury shares		**(20,583)**	**(25,291)**
Prior-year losses		**(83,135)**	**(93,281)**
Profit/(loss) for the year		**(62,886)**	**10,146**
Valuation adjustments		**(1,633)**	**(2,080)**
Hedging transactions		(1,633)	(2,080)
NON-CURRENT LIABILITIES		**361,693**	**355,009**
Non-current provisions		**-**	**10**
Non-current borrowings	**11**	**54,983**	**83,636**
Bank borrowings		53,819	81,613
Derivatives	12	1,164	2,023
Payables to Group companies and associates	**8**	**275,506**	**240,159**
Deferred tax liabilities	**13**	**31,204**	**31,204**
CURRENT LIABILITIES		**16,583**	**22,769**
Short-term payables	**11**	**13,914**	**19,569**
Bank borrowings		12,778	18,182
Derivatives	12	1,105	867
Other financial liabilities		31	520
Current payables to Group companies and associates	**8**	**607**	**225**
Trade and other payables		**2,062**	**2,975**
Suppliers		6	52
Suppliers, Group companies and associates	8	73	52
Sundry payables		854	821
Personnel		47	888
Other payables to public institutions	13	1,082	1,162
TOTAL EQUITY AND LIABILITIES		**634,884**	**696,804**

Notes 1 to 20 form an integral part of these Annual Accounts

Vocento, S.A.

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016
(Thousand euro)

	NOTE	2016	2015
<u>CONTINUING OPERATIONS</u>			
Revenue	**8 and 15.a**	**2,530**	**3,905**
Provision of services		2,530	1,605
Income from dividends from investee companies	8	-	2,300
Personnel expenses	**15.b**	**(3,324)**	**(3,519)**
Wages, salaries and similar remuneration		(2.280)	(2,648)
Staff welfare costs		(1,044)	(871)
Other operating expenses	**8 and 15.c**	**(3,919)**	**(3,698)**
External services		(3,868)	(3,683)
Taxes		(51)	(15)
Asset depreciation/amortization	**5 and 6**	**(108)**	**(195)**
Impairment and results on disposals of assets		**(52,520)**	**-**
Impairment and losses		400	-
Impairment of and results from investee companies	7	(52,920)	-
OPERATING PROFIT/(LOSS)		**(57,341)**	**(3,507)**
Financial income		**1,893**	**2,251**
- From marketable securities and other financial instruments		1,893	2,251
Group and associated companies	8	1,893	2,251
Financial expense		**(10,483)**	**(11,813)**
On payables to Group companies and associates	8	(4,683)	(5,274)
On payables to third parties	11 and 12	(5,800)	(6,539)
Exchange differences		-	-
FINANCIAL INCOME/(EXPENSE)		**(8,590)**	**(9,562)**
PROFIT/(LOSS) BEFORE INCOME TAX		**(65,931)**	**(13,069)**
Corporate income tax	**13**	3,045	23,215
PROFIT/(LOSS) FOR THE YEAR		**(62,886)**	**10,146**

Notes 1 to 20 form an integral part of these Annual Accounts

Vocento, S.A.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 December, 2016
(Thousand euro)

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSE FOR THE YEAR ENDED 31 DECEMBER 2015 (Thousand euro)

	2016	2015
Profit/(loss) recognized in the income statement	**(62,886)**	**10,146**
Income and expenses attributed directly to equity	**263**	**(133)**
Cash flow hedges (Notes 10 and 12)	365	(185)
Tax effect (Note 13)	(102)	52
Amounts transferred to the income statement	**184**	**127**
Cash flow hedges (Notes 10 and 12)	255	177
Tax effect (Note 13)	(71)	(50)
TOTAL RECOGNIZED INCOME AND EXPENSE	**(62,439)**	**10,140**

B) STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 331 DECEMBER 2015 (Thousand euro)

	Share capital	Legal Reserve	Treasury shares	Reserve for treasury shares	Merger reserve (Note 17)	Other reserves	Prior year losses	Profit for the year	Measurement adjustments	Total
Ending balance 2014	**24,994**	**4,999**	**(29,874)**	**29,880**	**69,395**	**308,737**	**(83,319)**	**(9,962)**	**(2,074)**	**312,776**
Total recognized income and expense (Notes 10 and 12)	-	-	-	-	-	-	-	10,146	(6)	**10,140**
Application to profit/(loss) for the year 2014										
To prior year losses	-	-	-	-	-	-	(9,962)	9,962	-	-
Other operations with shareholders or owners	-	-	-	-	(3,871)	-	-	-	-	**(3,871)**
Transactions involving treasury shares (Note 10)	-	-	4,583	(4,602)	-	-	-	-	-	**(19)**
Ending balance 2015	**24,994**	**4,999**	**(25,291)**	**25,278**	**65,524**	**308,737**	**(93,281)**	**10,146**	**(2,080)**	**319,026**
Total recognized income and expense (Notes 10 and 12)	-	-	-	-	-	-	-	(62,886)	447	**(62,439)**
Application to profit/(loss) for the year 2015	-	-								
To prior year losses	-	-	-	-	-	-	10,146	(10,146)	-	-
Transactions involving treasury shares (Note 10)	-	-	4,708	(4,687)	-	-	-	-	-	**21**
Ending balance 2016	**24,994**	**4,999**	**(20,583)**	**20,591**	**65,524**	**308,737**	**(83,135)**	**(62,886)**	**(1,633)**	**256,608**

Notes 1 to 20 form an integral part of these Annual Accounts

Vocento, S.A.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016
(Thousand euro)

	NOTES	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before tax		**(65,931)**	**(13,069)**
Adjustments to results		**61,961**	**7,461**
Asset depreciation/amortisation	5 and 6	108	195
Value adjustments for impairment	7	-	10
Financial and dividend income	8 and 15.a	(1,893)	(4,551)
Financial expense	8 and 11	10,483	11,807
Change in the fair value of investee companies	7	52,920	-
Change in the fair value of financial instruments		343	-
Changes in current assets		**(2,521)**	**(2,407)**
Inventories		4	-
Trade and other receivables		(1,620)	(352)
Other current assets		18	-
Trade and other payables		(913)	(2,055)
Other non-current liabilities		(10)	-
Other cash flows from operating activities		**(6,740)**	**(3,896)**
Interest payments	8 and 11	(10,483)	(11,816)
Collection of interest and dividends	8	1,893	4,548
Corporate income tax payments received/(made)	13	1,850	3,372
Cash flows from operating activities		**(13,231)**	**(11,911)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		**(116)**	**(63)**
Group companies and associates		(81)	-
Property, plant and equipment	6	(2)	(5)
Intangible assets	5	(33)	(58)
Receipts from divestments		**11,927**	**13,069**
Intangible assets and property, plant and equipment	5 and 6	-	-
Loans to Group companies and associates	8	11,927	13,069
		11,811	**13,006**
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments on equity instruments	**10**	**21**	**(19)**
Write-off of equity instruments		-	-
-Acquisition of equity instruments		(1,223)	(1,632)
Disposal of equity instruments		1,244	1,613
Receipts and payments on financial liability instruments		**1,421**	**(1,099)**
Debt issue with credit institutions	11	20,000	-
Proceeds from issue of loans to Group companies and associates	8	35,729	12,690
Issue of other loans		-	539
Reimbursement and repayment of bank borrowings	11	(54,212)	(14,218)
Reimbursement and repayment of borrowings from group companies and associates	8	(96)	(110)
		1,442	**(1,118)**
EFFECT OF EXCHANGE RATE FLUCTUATIONS			
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**22**	**(23)**
Cash and cash equivalents at start of the year		190	213
Cash and cash equivalents at end of the year		212	190

Notes 1 to 20 form an integral part of these Annual Accounts

1. Activities

Vocento, S.A. (hereinafter Vocento) was incorporated for an indefinite period as a public limited liability company on 28 June 1945 and its bylaws state that is corporate purpose is the addition, distribution and sale of unitary publications, whether or not newspapers, containing general, cultural, sports, artistic or any other type of information, the printing of those documents, the operation of printing shops and, in general, any other activity relating to the publishing and graphic arts industries, the establishment, use and operation of radio, television and any other broadcast facilities to broadcast, produce and promote audiovisual media, as well as the production, edition, and distribution of discs, cassettes, magnetic tapes, films, programs and any other devices or communication media of any type, the holding, acquisition, sale and application of any administration or possession action through any means of shares, securities, or interests in companies engaging in any of the aforementioned activities and, in general, any other activity that is directly or indirectly relating to the above activities that is not prohibited by current legislation.

All the activities which make up the aforementioned company object may be carried on in Spain or abroad, and may be carried on indirectly (totally or partially) through the ownership of shares or other equity investments in companies with an identical or a similar corporate purpose (Note 7).

Shareholders at a General Meeting held on 17 March 2001 adopted a resolution to change the name of Bilbao Editorial, S.A., to Grupo Correo de Comunicación, S.A.

As a result of the merger with Prensa Española, S.A., on 26 November 2001 shareholders at an Extraordinary Meeting adopted a resolution to change the Company's name to Grupo Corrao Prensa Española, S.A. On 17 December 2002 a resolution was adopted to transfer all of the assets and liabilities of Prensa Española de Locales, S.L.U. to its single shareholder Grupo Corrao Prensa Española, S.A and then wind up the first company. Finally, shareholders at a General Meeting held on 29 May 2003 adopted a resolution to change the company's name to Vocento, S.A. (hereinafter the Company).

The Company's business consists of the control of shareholdings as it is the parent company of a Group of Companies (hereinafter the Group) (Note 7 and Appendix) and in accordance with current legislation it is required to prepare separate consolidated annual accounts. The consolidated financial statements of Vocento Group for 2016 have been prepared by the Directors at a Board of Directors meeting held on 28 February, 2017. The 2015 consolidated annual accounts for were approved by the shareholders at the Annual General Meeting of Vocento held on 26 April 2016 and were filed with the Bilbao Mercantile Registry.

The Company's registered address is Calle Pintor Losado 7, in Bilbao

Given the activities in which the Company engages, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to its equity, financial situation and results. For this reason no specific breakdowns are provided in these Notes to the annual accounts regarding environmental information.

2. Basis of presentation of the annual accounts

a) Financial reporting legislation applicable to the Company-

These annual accounts have been prepared on the basis of the Company’s accounting records and are presented in accordance with prevailing commercial legislation and the provisions of the Chart of Accounts approved by Royal Decree 1514/2007, and the amendments made by Royal Decree 1159/2010 and Royal Decree 602/2016, so as to present fairly the Company’s equity, financial situation and results and accurately cash flow in the cash flow statement.

b) True and fair view-

The annual accounts have been prepared on the basis of the Company’s accounting records and are presented in compliance with applicable financial reporting legislation, particularly the accounting standards and policies established therein, so as to provide a true and fair view of the Company's net worth, its financial situation, the results of its operations and cash flows for the year. These annual accounts, which have been prepared by the Directors of the Company, will be submitted for approval at the General Meeting and it is expected that they will be approved without any modification being made. The annual accounts for 2015 were approved by the Company's shareholders at a General meeting held on 26 April 2016.

The 2016 annual accounts refer to the individual company. As the parent of the Group, Vocento, S.A. prepares consolidated annual accounts in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). In accordance with the content of those consolidated annual accounts prepared in accordance with IFRS-EU, the amount of consolidated equity, the profit attributed to the parent company and the total assets in the consolidated balance sheet at 31 December 2016 are €255,068 thousand (2015: €318,690 thousand), € (-60.011) thousand (2015: € 4,081 thousand) and € 498,861 thousand (2015: €615,141 thousand).

c) Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. In addition, the Directors have prepared these annual accounts bearing in mind all applicable accounting principles and standards that are mandatory and have a significant effect on these annual accounts. All accounting principles having a significant effect on the accounts have been applied.

d) Critical aspects of the measurement and estimation of operating and financial uncertainty-

When preparing the annual accounts, estimates made by Company Directors have been used in order to measure some assets, liabilities, income, expenses and commitments recorded in the accounts. These estimates relate basically to the following:

- The evaluation of possible impairment losses affecting certain assets such as interests in group companies and associates (Notes 4.d, 4.e and 7).
- The market value of certain financial instruments (Note 12)
- The recoverability of tax-loss carry forwards and deductions generated in prior years (Notes 4.h and 13).

On an annual basis the Company determines whether or not any assets presenting indications of impairment are actually impaired and their recoverable value is estimated (Notes 4.c, 4.e, 5, 6 and 7).

Despite the fact that these estimates have been made based on the best information available at the end of 2016, it is possible that events may take place in the future which will require them to be changed (upwards or downwards) in future years, which would be done on a prospective basis.

e) Comparability-

The information set out in these notes to the annual accounts for 2015 is presented together with the information regarding 2016, for the purposes of comparison.

f) Changes in accounting policies-

In 2016 there were no significant changes in accounting policies with respect to those applied in 2015.

g) Error correction-

When preparing the accompanying financial statements the Group did not detect any significant error that could have given rise to the restatement of the amounts included in the 2015 annual accounts.

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3. Distribution of profit

The proposal for distributing profits for the year that has been prepared by the Company's Directors and will be submitted for the approval of shareholders at a General Meeting, is as follows (thousand euro):

	2016
Available for distribution:	
Profit/(loss) for the year	(62,886)
Distribution:	
To prior year losses	(62,886)

4. Accounting policies and measurement standards

The main recognition and measurement policies followed during the preparation of the annual accounts, in accordance with those stipulated in the Spanish General Accounting Plan, were as follows:

a) Intangible assets-

As a general rule, intangible assets are initially recognized at acquisition or production cost. Subsequently they are measured at cost, less accumulated amortization and any applicable impairment loss. These assets are amortized over their estimated useful lives.

Computer software:

The Company uses this account to record the costs incurred on the acquisition and development of software. Software maintenance costs are recorded in the income statement for the year in which they arise. Software is amortized on a straight-line basis over four years.

b) Property, plant and equipment-

Property, plant and equipment is initially recognized at acquisition or production cost and subsequently reduced by accumulated depreciation and any impairment losses, in accordance with the policy mentioned under Note 4.

The cost of major repairs is capitalized and amortized over the estimated useful life of the asset, while recurring maintenance costs are charged to the income statement in the year in which they are incurred.

For non-current assets that necessarily take a period of more than twelve months to get ready for their intended use, the capitalized costs include such borrowing costs as might have been incurred before the assets are ready for their intended use and which have been charged by the supplier or relate to loans or other specific-purpose or general-purpose borrowings directly attributable to the acquisition or production of the assets, provided that the amount is significant. At 31 December 2016 no amount is recorded in this respect.

The Company depreciates its property, plant and equipment on a straight-line basis at annual rates determined by the years of estimated useful life of the assets, as follows:

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	Estimated average useful life (years)
Buildings	30
Plant and machinery	6.6
Fixtures, fittings, tools and equipment	10
Other fixed assets	5

At 31 December 2016 the Company does not record any land, buildings and other structures held for leasing or to obtain a capital gain as a result of future increases in market prices.

Impairment of non-financial assets-

Assets are subjected to in impairment tests provided that some event or a change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value-in-use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that present an impairment loss are reviewed at each balance sheet date to determine whether or not the loss has reversed.

Recoverable values are calculated for each cash generating unit, although in the case of property, plant and equipment impairment is determined on an individual case-by-case basis, where possible.

The Directors prepare an annual business plan for the cash generating unit by market and by activity, generally covering a five-year period. The main components of that plan are:

- Projected results
- Projected investments and working capital

Other variables that influence the recoverable value calculation are:

- Discount rate to be applied, which is understood to be the average weighted cost of capital and the main variables that influence its calculation are the cost of liabilities and the specific of risks affecting the assets.

- The cash flow growth rate used to extrapolate the cash flow projections beyond the period covered by the budgets or projections.

Projections are prepared based on past experience and in accordance with the best estimates available, which are consistent with the information originating from outside the Company.

When an impairment loss subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, but in a manner such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized as income.

d) Financial assets-

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for assets maturing in more than 12 months of the balance sheet date, which are classified as non-current assets. Loans

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and receivables are included in “Loans to group companies” and “Trade and other receivables” in the balance sheet.

Financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortized cost. Accrued interest is recognized at the effective interest rate, which is the discount rate that brings the instrument’s carrying amount into line with all estimated cash flows to maturity. Trade receivables falling due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

At the year-end, at least, the necessary value adjustments are made to account for impairment when there is objective evidence that all receivables will not be collected.

The amount of the impairment loss is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the date of initial recognition. Measurement adjustments, and reversals, where applicable, will be recognized in the income statement.

Investments held-to-maturity

Held-to-maturity financial assets are debt securities with fixed or determinable payments and fixed maturity, that are traded on an active market and that Company management has the positive intention and ability to hold to maturity. If the Company disposes of a significant amount of the held-to-maturity assets, the entire category would be reclassified as available-for-sale. These financial assets include non-current assets, except for those that mature within 12 months as from the balance sheet date, which are classified as current assets.

The measurement methods applied to these investments are the same as for loans and receivables.

Financial assets held for trading and other financial assets at fair value through changes in profit or loss

Financial assets at fair value through profit or loss are considered to be all those assets held for trading that are acquired with the intention of being sold in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial assets designated by the Company at initial recognition to be included under this category as it provides more relevant information. Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments.

Investments in the equity of group companies, jointly-controlled companies and associates

They are stated at cost less, where appropriate, accumulated value adjustments for impairment. However, when there is an investment prior to being classified as a group company, jointly-controlled company or associate the carrying value before being so classified is considered to be a part of the investment cost. The measurement adjustments previously recognized directly in equity are maintained there until eliminated.

If there is objective evidence that the carrying value is not recoverable, the relevant value adjustments are reflected for the difference between the carrying value and recoverable amount, understood as the higher of fair value less costs to sell and the present value of cash flows from the investment. Unless better evidence is available of the recoverable amount, when estimating the impairment of these investments, the investee's equity is taken into account, adjusted for any latent capital gains existing at the measurement date. The value adjustment and, if appropriate, its reversal, are reflected in the income statement for the year in which they arise.

These forecasts cover at least the coming five years and include an adequate residual value for each business. Based on their past experience and know-how in various business, the Directors consider that due to the evolution of key variables in certain businesses the use of 5-year projections may distort the analysis. Accordingly, in certain cases their estimates take into consideration projections they consider to be reliable and more adequate for the analysis to be performed since the final year of the projections coincide with what they consider to be a normalized typical year in those businesses (Note 7). These flows are discounted to calculate their present value at a pre-tax rate, which reflects the weighted average cost of capital employed adjusted by the business risk relating to each line of business, which ranges between 9.72% and 12% (7.29% and 9% after taxes), taking into consideration growth rates of between 1.5% and 2.5% for the periods after those covered by the projections (1.5% and 2.5% last year), mainly as a result of the current market situation. In the event that the recoverable amount is less than the asset's carrying amount, an impairment loss is recognized for the difference with a charge to the income statement.

Unless there is better evidence of the recoverable amount, it is based on the value of the equity of the investee, adjusted by the amount of the unrealized capital gains existing at the date of measurement (including any goodwill).

e) Financial derivatives-

Financial derivatives are initially and subsequently measured at fair value. Resulting gains and losses are recognized depending on whether the derivative is designated as a hedging instrument or not and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized temporarily in equity. They are taken to the income statement in the years in which the projected hedge transaction affects profit and loss, unless the hedge relates to a planned transaction that ends in the recognition of a non-financial asset or liability, in which case the amounts recorded under equity are included in the cost of the asset when acquired or the liability when it is assumed.

The gain or loss relating to the ineffective portion is recognized immediately in the income statement.

f) Equity-

Share capital consists of ordinary shares.

The costs of issuing new shares or options are recognized directly in equity as a reduction in reserves.

In the event that the Company acquires treasury shares, the price paid, including any directly attributable incremental cost, is deducted from equity until the treasury shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any directly attributable incremental cost of the transaction, is included under equity.

g) Financial liabilities-

Borrowings and payables

This category includes trade and non-trade payables. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months as from the balance sheet date.

Payables are initially recognized at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the discount rate that brings the instrument’s carrying amount into line with the expected future flow of payments to the maturity date of the liability.

Nonetheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

Should any existing liabilities be renegotiated, no substantial modification to financial liabilities is deemed to exist when the new lender is the same party that granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using the same method.

Financial liabilities held for trading and other financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are considered to be all those liabilities held for trading that are issued with the intention of being required in the short-term or which form part of an identified securities portfolio that is jointly managed to obtain short-term profits, as well as financial liabilities designated by the Company at initial recognition to be included under this category as it provides more relevant information.

Derivatives are also classified as held for trading provided that they do not consist of a financial guarantee and have not been designated as hedging instruments.

These financial liabilities are measured, both initially and subsequently, at fair value and any changes affecting this value are taken to the income statement for the year. Transaction costs that are directly attributable to the issue are recognized in the income statement for the year in which it takes place.

Information regarding the average payment period for suppliers:

The ratio of payments made to suppliers in 2016 and 2015, the average payment period for suppliers and the ratio of transactions pending payment to suppliers at 31 December 2016 and 31 December 2015 is as follows (thousand euro), in compliance with the information required by Additional Provision Three "Disclosures" of Law 15/2010 (5 July) and the resolution dated 2 February 2016 issued by the Audit and Accounting Institute in response to Final Provision Two of Law 31/2014:

	2016	**2015**
	days	**days**
Average payment period for suppliers	51.74	45.66
Ratio of payments made	51.39	43.76
Ratio of pending payments	54.80	58.17
	Amount (euro)	**Amount (euro)**
Total payments made	4,507,051	3,561,344
Total pending payments	513,810	538,593

This balance relates to the suppliers that because of their nature are trade creditors for the supply of goods and services and, therefore, it includes the figures relating to “Trade payables” under current liabilities in the balance sheet.

Information on the nature and level of risk of financial instruments

The Company’s financial risk management is centralized in its Finance Department, which has established the mechanisms required to control exposure to changes in interest rates and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

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In general, the Company maintains its cash and cash equivalents in highly-rated financial institutions. Most of its receivables are from companies over which the Company maintains control.

b) Liquidity risk:

For the purposes of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Company has the cash reflected in its balance sheet , together with the credit and syndicated financing facilities available from certain financial institutions detailed in Note 11.

Although 31 December 2016 there is negative working capital totaling €1,240 thousand (€7,277 thousand in 2015), the Directors believe that there are no short-term liquidity problems due to the generation of cash by group companies and Vocento Group presents positive working capital totaling €11,296 thousand at 31 December 2016 ((€-6,459) at 31 December 2015). The Company also has access to lines of credit totaling €45,275 thousand that have not been drawn down at 31 December 2016 (drawdowns of €5,000 thousand at 31 December 2015).

c) Market risk (includes interest rate risk, exchange rate risk and other price risks):

The Company's borrowings are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows as it is indexed to a variable interest rate. The Company partially mitigates (in the amount of €57,301 thousand of the total bank borrowings at 31 December 2016) the interest rate risk through the use of financial derivatives (Notes 11 and 12).

The Company does not consider that there are significant risks.

The Company does not carry out significant transactions in foreign currency and at 31 December 2016 it does not recognize any significant balances denominated in foreign currency.

d) Other

Compliance risks, particularly tax items, are related to possible differing interpretations of the regulations on the part of the competent tax authorities as well as the generation of taxable income that allow capitalized tax-loss carry forwards to be recovered, and the impact of any new regulations.

h) Corporate income tax-

Since 1997 the Company is taxed on a consolidated basis together with some of the group companies indicated in the Appendix, which means that the overall calculation of the Group's taxes, deductions and credits are determined jointly (Note 13).

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expense (income) are recognized in the income statement. However, the tax effect of items recorded directly in equity is recognized in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax or accounting gain or loss, they are not recognized. The deferred tax is determined by applying

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tax rates and tax legislation approved or about to be approved at the balance sheet date and which are expected to be applied when the corresponding deferred tax asset is realized or deferred tax liability is settled.

Deferred tax assets are recognized insofar as future tax profits will probably arise against which to offset the temporary differences.

i) Employee benefits-

Defined-benefit contributions will originate a long-term remuneration liability to personnel when, at the end of the year, accrued contributions that have not been satisfied are recognized. That liability will be measured at the year-end at the present value of the best estimate available of the amount that will be necessary to cancel or transfer the obligation to a third-party.

Provision for long-term incentive plans--

In 2013 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2015, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Company does not recognize any provision in this respect in the balance sheet at 31 December 2015.

In 2014 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2016, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

In 2015 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted net profit for 2017, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the net profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Company does not recognize any provision in this respect in the balance sheet at 31 December 2016 and 2015.

Finally, in 2016 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. 40% of this compensation is associated with compliance with the accumulated net profit amount based on the figure approved in the current three-year plan, 40% to the generation of accumulated cash and 20% to the digital transformation, including the income and EBITDA of the e-commerce businesses, on-line advertising and on-line users.

To collect the financial indicators (net profit and cash generation) compliance with the covenants of the syndicated loan is essential and dividends must also be distributed in 2017 (as approved by shareholders at a general meeting during the first half of 2018) and in 2018 (as approved by shareholders at a general meeting during the first half of 2019). This distribution must be of any amount, they must be dividends charged against profits obtained during the preceding year (not against reserves) and it is not sufficient that there be distributable profits, but rather there must be an effective approval of the distribution of profits by shareholders at a general meeting.

In accordance with the valuation in that plan, 2016 profits and the uncertainty relating to the possibility of attaining the rest of the objectives, the Company does not maintain any provision in this respect in the consolidated balance sheet at 31 December 2016.

Termination benefits

In accordance with current employment legislation, the Company is required to pay indemnities to employees who, under certain conditions, are dismissed from the Company. Severance indemnities which can be reasonably quantified are expensed in the year in which the related decision is taken and reported (Note 15.b).

In 2016 termination benefits totaling €12 thousand arose for agreed and/or executed dismissals. In 2015 no termination benefits arose for any agreed and/or executed dismissals.

j) Provisions and contingent liabilities-

When preparing the annual accounts, the Directors of Vocento, S.A. make a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations as a result of past events whose occurrence depends on the occurrence or non-occurrence of one or more separate future events not within the control of the Company.

The annual accounts include all provisions for obligations classed as more likely than not to arise. Contingent liabilities are not recognized in the annual accounts, but rather they are reported in the notes to the accounts to the extent that they are not considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognized as a finance cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognized as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Company is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognized.

k) *Income and expense-*

Income and expense are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred, rather than the period in which the cash is actually received or disbursed. Income is measured at the fair value of the consideration received, net of discounts and taxes.

The recognition of income from sales takes place at the time at which all risks and benefits inherent to the ownership of the asset being sold have been transferred to the buyer and no influence is maintained over the management of the item concerned and no effective control is retained.
Income from the rendering of services is recognized taking into consideration the extent to which the service has been rendered at the balance sheet date, provided that the result of the transaction may be reliably estimated.

Interest income from financial assets is recognized using the effective interest method and dividend income is recognized when the shareholder's right to receive payment has been established. In any event, interest and dividends from financial assets accrued after the time of acquisition will be recognized as revenue in the income statement.

In accordance with Consultation 2 in Issue 79 of the Official Gazette of the Accounting and Audit Institute published on 30 September 2009, revenues obtained by the Company as dividends from group companies and income from the accrual of interest on loans and credit facilities granted to those companies must be presented as part of revenue. The operating margin includes all impairment adjustments applied to the various financial instruments associated with its business.

l) *Leases-*

<u>When the Company is the lessee – Operating lease</u>

Leases under which the lessor maintains a significant portion of the risks and benefits of ownership are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged against the income statement for the year in which they accrue on a straight- line basis over the lease period.

<u>When the Company is the lessor</u>

When assets are leased under an operating lease, the asset is included in the balance sheet in accordance with its nature. Lease revenues are recognized on a straight-line basis over the lease period.

m) *Transactions with group companies and associates-*

In general, transactions between Group companies are initially recognized at fair value. If applicable, where the agreed price differs from the fair value, the difference is recognized based on the financial reality of the transaction. The later valuation is made in line with the respective accounting standards.

However, in transactions involving a merger, spin-off or non-monetary contribution of a business the elements making up the acquired business are measured at their value after the transaction in the consolidated annual accounts for the Group or the subgroup.

When the parent company of the group or subgroup and its subsidiary are not involved, the annual accounts to be taken into account for these purposes will be those of the larger group or subgroup into which the equity items are Incorporated and whose parent company is Spanish.

In these cases, the difference that may arise between the net value of the assets and liabilities of the target company, adjusted for any balance relating to subsidies or donations received and adjusted for any changes in value, and any capital and share premium amount issued by the acquiring company is recognized under reserves.

(Thousand euro)

5. Intangible assets

A summary of the transactions recognized under the heading "Intangible assets" in the years ended 31 December 2016 and 2015 is as follows:

	Thousand euro						
	Balance at 31 December 2014	Additions/ (Allocations)	(Disposals)	Balance at 31.12.15	Additions/ (Allocations)	(Disposals)	Balance at 12/31/2016
Cost:							
Computer software	1,461	21	-	1,482	14	-	1,496
Prepayments and assets in progress	-	37	-	37	19	-	56
Total cost	**1,461**	**58**	**-**	**1,519**	**33**	**-**	**1,552**
Accumulated amortization:							
Computer software	(1,341)	(97)	-	(1,438)	(29)	-	(1,467)
Total accumulated depreciation	**(1,341)**	**(97)**	**-**	**(1,438)**	**(29)**	**-**	**(1,467)**
Net total	**120**	**(39)**	**-**	**81**	**4**	**-**	**85**

There were fully depreciated items recognized by the Company under property, plant and equipment at 31 December 2016 and which were still in use whose cost totals €1,416 thousand (2015: €1,206 thousand).

At the end of 2016 the Company does not have any commitments to acquire intangible assets.

6. Property, plant and equipment

A summary of the transactions recorded in the various property, plant and equipment accounts at 31 December 2016 and 2015 and the relevant accumulated depreciation, is set out below:

	Thousand euro						
	Balance at 31 December 2014	Additions/ (Allocations)	(Disposals)	Balance at 31.12.15	Additions/ (Allocations)	(Disposals)	Balance at 12/31/2016
Cost:							
Land and buildings	2,492	-	-	2,492	-	-	2,492
Plant and machinery	540	-	-	540	-	-	540
Fixtures, fittings, tools and equipment	1,927	-	(1,375)	552	-	-	552
Other property, plant and equipment-							
Vehicles and other	123	-	-	123	-	-	123
Data-processing equipment	38	5	(1)	42	2	-	44
Total cost	**5,120**	**5**	**(1,376)**	**3,749**	**2**	**-**	**3,751**
Accumulated depreciation:							
Buildings	(1,355)	(71)	-	(1,426)	(72)	-	(1,498)
Plant and machinery	(540)	-	-	(540)	-	-	(540)
Fixtures, fittings, tools and equipment	(1,892)	(24)	1,375	(541)	(4)	-	(545)
Other property, plant and equipment-							
Vehicles and other assets	(123)	-		(123)	-	-	(123)
Data-processing equipment	(34)	(3)	1	(36)	(3)	-	(39)
Total accumulated depreciation	**(3,944)**	**(98)**	**1,376**	**(2,666)**	**(79)**	**-**	**(2,745)**
Net total	**1,176**	**(93)**	**-**	**1,083**	**(77)**	**-**	**1,006**

The building at which the Company's offices are located in Zamudio was built on land owned by Bilbao Editorial Producciones, S.L.U. and the cost was recognized in the account "Land and buildings" under property, plant and equipment. (Group compny - Note 8). This arrangement is covered by a surface use agreement in exchange for compensation that may be adjusted on an annual basis and in 2016 at totaled €23 thousand (2015: €23 thousand) and is in force for 99 years starting on 1 June 1998, which is the date on which the building was received. When the agreement expires any buildings on the land will become the property of Bilbao Editorial Producciones, S.L.U. at no cost whatsoever. At 31 December 2016 the carrying value of this asset totals €994 thousand (2015: €1,065 thousand)

(Thousand euro)

There were fully depreciated items recognized by the Company under property, plant and equipment at 31 December 2016 and which were still in use whose cost totals €1,327 thousand (2015: €1,319 thousand).

Accordingly, at 31 December 2016, property, plant and equipment was adequately covered by insurance policies.

At the end of 2016 the Company does not have any commitments to acquire property, plant and equipment.

7. Non-current investments in group companies and associates

The summary of the transactions recognized in this balance sheet heading in 2016 and 2015 is as follows:

	Thousand euro				
	Balance at 12/31/2014	Additions/ (Allocations)	Balance at 12/31/2015	Additions/ (Allocations)	Balance at 12/31/2016
Investments in the equity of group companies and associates	594,655	(2,331)	592,324	(52,920)	539,404

In 2016 the Company recognized the impairment of its investment in the equity of “Comeresa Prensa, S.L.U.” for a total amount of €52,920 thousand by charging the heading "Impairment and profit/(loss) on the disposal of financial instruments" in the income statement due to the estimation that the recoverable amount is less than the carrying value of that interest.

On 30 June 2015, ”Corporación de Medios Internacionales de Prensa, S.A.U.” distributed a dividend totaling €2,300 thousand charged against prior year profits. The Company recognized this payment under the heading "Revenues- Income from investee company dividends" in the accompanying income statement".

The Company's single shareholder “Corporación de Medios Internacionales de Prensa, S.A.U.” adopted a resolution on 26 November 2015 to wind itself up, liquidate and subsequently transfer all of its assets and liabilities to its parent company Vocento, S.A., as was mentioned in Note 17.

On 28 July 2015 the Company approved the merger of its investee companies Comeresa País Vasco, S.L.U. (Acquiring company) and Corporación de Medios de Comunicación, S.L.U. (Target company) and on 29 July 2015 it also approved the merger of its subsidiaries Comeresa Prensa, S.L.U. (Acquiring company) and Factoría de Información, S.A.U. (Target company), which was wound up without being liquidated through the transfer of its assets and liabilities to the acquiring company (Note 17).

A summary of the most relevant information regarding the interests held in group companies and associates at 31 December 2016 and 2015 is set out below (See Appendix):

2016:

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(Thousand euro)

	Thousand euros							
	Carrying amount							
	Cost	Impairment recognized in the year	Accumulated impairment at the beginning of the year	Carrying amount	Share capital (*)	Other equity (*)	Profit for 2016 (*)	Dividends received (Note 15.a)
Group companies (Note 10 and Appendix)								
Corporación de Medios Radiofónicos Digitales, S.A.U. (***)	5,409	-	(2,453)	2,956	5,560	(2,374)	57	-
Comeresa Prensa, S.L.U. (**)	767,560	(52,920)	(237,070)	477,570	403,069	21,980	(48,352)	-
Comeresa Pais Vasco, S.L.U. (**)	58,878	-	-	58,878	9,686	146,623	14,414	-
	831,847	**(52,920)**	**(239,523)**	**539,404**				**-**

(*) This information refers to the individual financial statements at 31 December 2016 (unconsolidated) for the respective companies that have yet to be prepared by the relevant Boards of Directors.
(*) Companies audited by PricewaterhouseCoopers Auditores, S.L.
(***) Companies reviewed by PricewaterhouseCoopers Auditores, S.L.

2015:

	Thousand euros							
	Carrying amount							
	Cost	Impairment recognized in the year	Accumulated impairment at the beginning of the year	Carrying amount	Share capital capital	Other equity (*)	Profit/(loss) for 2015	Dividends received (Note 15.a)
Group companies (Note 10 and Appendix)								
Corporación de Medios Radiofónicos Digitales, S.A.U. (***)	5,409	-	(2,453)	2,956	5,560	(2,439)	65	-
Comeresa Prensa, S.L.U. (**)	767,560	-	(237,070)	530,490	403,069	33,701	(11,674)	-
Comeresa Pais Vasco, S.L.U. (**)	58,878	-	-	58,878	9,686	129,747	16,876	-
	831,847	**-**	**(239,523)**	**592,324**				**2,300**

(*) This information refers to the individual financial statements at 31 December 2015 (unconsolidated) for the respective companies that have yet to be prepared by the relevant Boards of Directors.
(*) Companies audited by PricewaterhouseCoopers Auditores, S.L.
(***) Companies reviewed by PricewaterhouseCoopers Auditores, S.L.

8. Balances and transactions with related parties

Transactions with group companies, primarily investee associates or those over which Vocento has effective control are carried out on an arm's length basis (Note 4.m) and are recognized in the relevant headings of the accompanying income statements for 2016 and 2015, together with the balances with group companies, primarily investee associates or those over which Vocento has effective control, which are recognized in the relevant headings in the accompanying balance sheet at 31 December 2016 and 2015, are as follows:

(Thousand euro)

	Thousand euro									
	Balances						Operations			
	Non-current		Current							
2016	Loans to Group companies and associates	Payables to Group companies and associates	Trade receivables from Group companies and associates	Payables to Group companies	Payables to Group companies and associates	Trade payables, Group companies and associates	Income from services rendered (Note 15.a)	Other operating expenses (Note 15.c)	Financial income from Group companies and associates	Financial expense on payables to Group companies and associates
Comeresa Prensa, S.L.U.	838	273,725	331	133	-	13	1,626	1,021	53	4,683
Veralia Corporación Producciones de Cine y Televisión, S.L.	9,501	-	-	1,509	-	-	-	-	557	-
Veralia Contenidos Audiovisuales, S.L.U.	1,479	-	-	235	-	-	-	-	87	-
Diario El Corrao, S.A.U.	-	386	52	3,854	-	37	225	76	-	-
Comeresa Pais Vasco, S.L.U.	-	-	-	545	-	-	-	-	-	-
El Diario Vasco, S.A.	-	-	16	3,138	-	-	52	-	-	-
Bilbao Editorial Producciones, S.L.U.	4,125	868	4	-	556	2	7	23	-	-
Diario ABC, S.L.	15,813	-	43	2,512	-	6	50	242	1,006	-
ABC Sevilla, S.L.	1,047	-	3	166	-	-	4	-	67	-
Radio Publi, S.L.	1,209	-	-	192	-	-	1	-	77	-
Corporación de Medios de Extremadura, S.A.	732	-	4	116	-	-	13	-	46	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1,100	10	-	22	-	-	-	-	-	-
Sociedad Vascongada de Producciones, S.L.U.	-	-	2	79	-	-	5	-	-	-
Other Group companies	1	517	126	38	51	15	367	23	-	-
Total	**35,845**	**275,506**	**581**	**12,539**	**607**	**73**	**2,350**	**1,385**	**1,893**	**4,683**

(Thousand euro)

	Thousand euro									
	Balances						Operations			
	Non-current		Current							
2015	Loans to Group companies and associates	Payables to Group companies and associates	Trade receivables from Group companies and associates	Payables to Group companies	Payables to Group companies and associates	Trade payables, Group companies and associates	Income from services rendered (Note 15.a)	Other operating expenses (Note 15.c)	Financial income from Group companies and associates	Financial expense on payables to Group companies and associates
Comeresa Prensa, S.L.U.	972	238,785	138	178	-	23	1,364	968	62	5,274
Veralia Corporación Producciones de Cine y Televisión, S.L.	11,009	-	-	2	-	-	-	-	698	-
Veralia Contenidos Audiovisuales, S.L.U.	1,713	-	-	3	-	-	-	-	109	-
Diario El Corrao, S.A.U.	-	386	10	4,167	-	17	20	75	-	-
Comeresa Pais Vasco, S.L.U.	-	-	-	583	-	-	-	-	-	-
Sociedad Vascongada de Publicaciones, S.A.	-	-	-	3,335	-	-	-	-	-	-
Bilbao Editorial Producciones, S.L.U.	4,125	657	-	-	186	2	-	23	-	-
Diario ABC, S.L.	18,323	-	1	3,351	-	6	2	256	965	-
ABC Sevilla, S.L.	1,214	-	-	222	-	-	-	-	77	-
Radio Publi, S.L.	1,401	-	-	256	-	-	-	-	89	-
Corporación de Medios de Extremadura, S.A.	848	-	-	155	-	-	-	-	55	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1,100	-	-	25	-	-	-	-	-	-
Corporación de Medios Internacionales de Prensa, S.A.	-	-	-	-	-	-	-	-	-	-
Other Group companies	-	331	-	181	39	4	23	28	-	-
Total	**40,705**	**240,159**	**149**	**12,458**	**225**	**52**	**1,409**	**1,350**	**2,055**	**5,274**

(Thousand euro)

The balances relating to the attributions made by the parent company Vocento, S.A. to its subsidiaries for the settlement of corporate income tax in the consolidation system (Note 13) are recorded in the balances in the following headings:

	2016	2015
Current payables to Group companies and associates-	607	225
Non-current payables to Group companies and associates	1,781	1,374
Current investments in group companies and associates companies (Loans to group companies)	7,674	8,299
Non-current investments in group companies and associates companies (Loans to group companies)	4,126	4,126

The heading "Non-current payables to group companies and associates" records a payable totaling €273,725 thousand at 31 December 2016 (2015: €238,785 thousand) in the current account maintained with Comeresa Prensa, S.L.U. The current account agreement automatically renews each year unless one of the parties provides notice to the contrary. The Company's director's do not expect this amount to become due in the short-term. Receivables generate a yield based on the average 3-month euribor established for each calendar quarter, plus a spread calculated by the company Comeresa Prensa, S.L. based on market conditions in place at any given moment, while payables represent a financing cost of the average 3-month euribor established for each calendar quarter plus a spread equal to, in turn, the spreads applied by third parties to companies considered to be held by the Group in terms of financial instruments, and currently the most relevant is Vocento, S.A. based on the syndicated financing signed in 2014.

The expenses accrued in 2016 on the aforementioned current-account totaled €4,683 thousand (2015: €5,274 thousand) and are recognized in the heading "Financial and similar expenses - Borrowings from group companies and associates" in the accompanying income statement for 2016.

Finally, in 2014 the Company entered into several loan agreements with those companies that repaid bilateral lines within the framework of the syndicated financing totaling €55,467 thousand (Note 11). Editorial Cantabria, S.A., Federico Domenech, S.A. and Habitatsoft, S.L.U. subsequently fully repaid the loan granted to each one of them in the total amount of €5,393 thousand. This year repayments have been made totaling €4,165 thousand (€5,576 thousand in 2015) for the loans in force with the rest of the companies, and the amount outstanding payment at 31 December 2016 was €30,619 thousand and €4,860 thousand (€35,480 thousand and €4,155thousand at 31 December 2015), recognized under the headings "Non-current and current investments in group companies and associates", respectively. Those loans generate a yield calculated under the same conditions as the syndicated financing (Note 11) and the Company has recognized an amount of €1,569 thousand (2015: €2,055 thousand) for the financial income accruing during the year under the heading "Financial income - From group securities" in the accompanying income statement. The heading " Non-current Investments in group companies and associates" records €1,100 thousand relating to the loan that Corporación de Medios Radiofónicos Digitales, S.A.U. granted to the company in 2012 in the amount of €800 thousand and expanded by a further €300 thousand in 2013, which falls due in 2019.

9. Cash and other cash equivalents

This heading includes cash and current bank deposits with an initial maturity of three months or less. The bank accounts earn interest at market rates. There are no restrictions on the availability of those balances except for any excess cash that must be used to repay the syndicated financing loan early (Note 11). The Company's Directors consider that there is no excess cash at 31 December 2016. The carrying amount of these assets approximates their fair value.

(Thousand euro)

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10. Equity and capital and reserves

Authorized capital-

At 31 December 2016 and 2015, the share capital stock of Vocento, S.A. amounted to €24,994 and was represented by 124,970,306 fully subscribed and paid in shares with a par value of 0.20 euro represented by book entries. The Company is listed on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges and on the Continuous market since 8 November 2006.

Since shares in Vocento are represented by book entries, the interest held by shareholders in share capital is not precisely known. However, in accordance with public information in the possession of the Company, at 31 December 2015 Mezouna, S.A. and Valjarafe, S.L., with interests amounting to 11.077% and 10.090% respectively (11.077% and 10.090%, respectively, at 31 December 2015) are the only shareholders with a stake exceeding 10%.

Legal reserve-

In accordance with Article 224 of the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses. At 31 December 2016 and 2015 this reserve had not reached the stipulated level.

Treasury shares-

The Company maintains 3,861,503 shares equivalent to 3.09% of its share capital and there is no restriction on their transfer within the applicable legal system.

Transactions involving treasury shares carried out in 2016 were as follows:

	No. of Actions	Cost Thousand euro)
Shares at 31.12.14	**3,867,298**	**29,874**
Purchase	883,678	1,632
Sale (*)	(874,311)	(6,215)
Shares at 31.12.15	**3,876,665**	**25,291**
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares at 31/12/16	**3,861,503**	**20,583**

(*) Sales recognized at the average weighted cost.

The capital loss resulting from the sale of treasury shares in 2016 was charged against reserves in the amount of €4,687 thousand (2015: €4,602 thousand).

In accordance with the provisions of the Spanish Companies Act 2010, the Company maintains a restricted reserve in the amount of the cost of the treasury shares held in its portfolio. This reserve will become unrestricted when the circumstances dictating its establishment cease to exist.

At the date these annual accounts were prepared the Board of Directors had not reached any decision whatsoever regarding the final use of the aforementioned treasury shares.

(Thousand euro)

The average number of treasury shares in the portfolio in 2016 was 3,880,190 shares (2015: 3,868,783 shares).

Other measurement adjustments-

The breakdown and nature of other measurement adjustments are as follows (euro):

	12/31/2016	12/31/2015
Hedge transactions (Notes 12 and 13)	(1,633)	(2,080)
Total	**(1,633)**	**(2,080)**

11. Borrowings

The breakdown of the headings "Non-current borrowings" and "Current borrowings" on the liability side of the balance sheet at 31 December 2016 and 2015 is set out below:

	Thousand euro					
	Current		Non-current		Total	
Categories	2016	2015	2016	2015	2016	2015
Bank borrowings	12,778	18,182	53,819	81,613	66,597	99,795
Derivatives (Note 12)	1,105	867	1,164	2,023	2,269	2,890
Other financial liabilities	31	520	-	-	31	520
Total	**13,914**	**19,569**	**54,983**	**83,636**	**68,897**	**103,205**

The breakdown by maturity of the items making up "Non-current borrowings" and "Current borrowings" is as follows:

	Thousand euro					
		Due date				
		Current	Non-current			
	Balance at 12/31/2016	2017	2018	2019	2020 and afterwards	Total long term
Bank borrowings and credit facilities	66,597	12,778	12,757	41,062	-	53,819
Financial instrument liabilities instruments (Note 12)	2,269	1,105	1,045	119	-	1,164
Other financial liabilities	31	31	-	-	-	-
TOTAL	**68,897**	**13,914**	**13,802**	**41,181**	**-**	**54,983**

The amounts set out in the preceding table reflect the amortized cost of bank borrowings at 31 December 2016 and the total nominal amount of those borrowings is €71,137 thousand (2015: €105,949 thousand) at that date.

Bank borrowings at 31 December 2015, as well as the repayment schedule, are as follows:

	Thousand euro	
		Due date	
		Current	Non-current

	Balance at 31 December 2015	2016	2017	2018	2019 and afterwards	Total long term
Bank borrowings and credit facilities	99,781	18,168	12,774	17,775	51,064	81,613
Financial instrument liabilities instruments (Note 12)	2,890	867	1,011	801	211	2,023
Accrued interest and fees pending payment	14	14	-	-	-	-
Other financial liabilities	520	520	-	-	-	-
TOTAL	**103,205**	**19,569**	**13,785**	**18,576**	**51,275**	**83,636**

The Company's line of credit limit at 31 December 2016 and 2015, as well as the amounts drawn down and available, are as follows:

	Thousand euro	
	2016	2015
Drawn Down	-	5,000
Available	45,275	40,275
Total line of credit limit	**45,275**	**45,275**

Syndicated loan-

On 21 February 2014 the Company obtained non-current syndicated financing in the amount of €175,275 thousand, in order to repay existing bilateral loans made to the Group, extend their due dates and unify their management, as well as to attend to the Group's general cash needs. This agreement consists of two tranches with the following amounts and due dates:

a) Tranche A, which is divided into:

  (i) Sub-tranche A1: commercial loan of €75,000 thousand falling due in October 2018.

  (ii) Sub-tranche A2: a five-year "bullet" commercial loan of €55 thousand.

b) Tranche B: A four-year revolving line of credit of up to €45,275 thousand.

At 31 December 2016 the amounts pending payment totaled €68,847 thousand (€98,060 thousand in 2015) relating to “Tranche A” and €0 thousand (€5,000 thousand in 2015) relating to “Tranche B”.

In 2016 the Company repaid €19,212 thousand (€9,212 thousand in 2015) relating to Tranche A1, on the due date established in the agreement. As a result of the disposal of certain assets by the Group of which the Company is the parent, €10,000 thousand of “Tranche A2” were repaid early and all of the amount drawn down at that date from “Tranche B” totaling €23,000 thousand was repaid of the maximum of €25,000 thousand drawn down during the year.

The syndicated financing accrues an interest rate that is indexed to the EURIBOR plus a spread negotiated with the financial institutions that is settled on a quarterly basis. The applicable spread is determined every six months based on compliance with certain financial ratios in accordance with the terms established in the aforementioned agreement.

The Company formally modified the syndicated financing described above on 27 June 2015. The modification agreed with the nine financial institutions participating in the agreement gave rise to a reduction in the applicable interest rate and makes it possible to apply further reductions in that rate in the future, based on financial and economic parameters affecting Vocento.

The financing agreement includes certain causes of mandatory early repayment and the maturity of the amounts drawn down, including the disposal of assets, the existence of excess cash (Note 9), or a change in control at the Group. The agreement also includes restrictions on the distribution of dividends based on compliance with certain financial ratios (EBITDA, excess cash, etc.).

The agreement also establishes the obligation to comply with certain financial ratios at the consolidated level. The Company's Directors consider that the financial ratios established in this agreement have been met at 31 December 2016.

The syndicated financing agreement also gave rise to the granting and maintenance of the following guarantees (personal and real) and real guarantee commitments to the financial institutions to secure the obligations deriving from the agreement.

- On-demand guarantee granted by Group companies which meet the conditions to be considered Guarantors at any given moment. The accompanying Appendix contains those in force at 31 December 2016.

- Pledge of the shares in the group companies that are directly or indirectly owned by the Parent Company, which are those indicated in the accompanying Appendix at 31 December 2016.

- Senior mortgage of the properties identified in the aforementioned syndicated financing agreement whose carrying amount totals €19,773 thousand in the Group's consolidated annual accounts (2015: €31,350 thousand) at 31 December 2016.

- Senior mortgage commitment involving the unencumbered properties whose carrying amount totals €8,9169,15 thousand in the Group's consolidated annual accounts (2015: €9,145 thousand) at 31 December 2016.

The Directors of the Company consider that the circumstances calling for the execution of the mortgage commitments have not arisen at 31 December 2016.

Finally, and by virtue of the terms of that agreement, the Company contracted certain interest rate hedges totaling at least 50% of the principal amount of the outstanding amount at any given moment (Note 12).

At 31 December 2016 the amounts accrued for interest on the syndicated loan, including the derivative, the attribution of the loan origination expenses and availability fees total €5,800 thousand (2015: €6,539 thousand) and are recognized in the heading "Financial and similar expenses - Borrowings from third parties" in the accompanying income statement.

12. Derivative financial instruments

The Company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed. Within the framework of these transactions, the Company obtained financial hedge instruments.

The interest rate hedge derivatives contracted by the Company are intended to mitigate the effect of interest rate fluctuations on future cash flows from variable rate loans. A breakdown of these transactions, and their maturity dates, is as follows at 31 December 2016.

Company	Instrument	Average contracted interest rate	Nominal amount (thousand euro)	Valid until
BBVA	Interest rate swap	1.817%	19,546	2019
Banco Santander	Interest rate swap	1.817%	16,109	2019
Kutxabank	Interest rate swap	1.817%	7,400	2019

Bankia	Interest rate swap	1.817%	9,528	2019
La Caixa	Interest rate swap	1.817%	1,601	2019
Banco Popular	Interest rate swap	1.817%	3,117	2019
	Total		**57,301**	

A breakdown of these transactions, and their maturity dates at 31 December 2015, is as follows:

Company	Instrument	Average contracted interest rate	Nominal amount (thousand euro)	Valid until
BBVA	Interest rate swap	1.586%	24,145	2019
Banco Santander	Interest rate swap	1.586%	19,899	2019
Kutxabank	Interest rate swap	1.586%	9,142	2019
Bankia	Interest rate swap	1.586%	11,770	2019
La Caixa	Interest rate swap	1.586%	1,977	2019
Banco Popular	Interest rate swap	1.586%	3,851	2019
	Total		**70,784**	

The effect of changes in the hedge derivatives in 2016 has been recognized by charging €447 thousand against the heading "Measurement adjustments - Hedge transactions" under equity (2015: €6 thousand), and €255 thousand was transferred to the income statement, (2015: €177 thousand) during 2016.

The interest rate swap derivatives in force at 31 December 2016 relate to the hedges contracted by the Group by virtue of the terms of the syndicated financing agreement (Note 11).

The Company has complied with the requirements described in Note 4.e on Accounting Policies, so as to classify the financial instruments listed below as hedges. Specifically, they have been formally designated as such and their effective hedging has been verified. The hedges designated by the Company are all effective.

The sensitivity of the interest rate hedge transactions' market value to changes in interest rates that the Company considers reasonably possible, as well as their impact on profit for the period and equity at 31 December 2016 is set out in the following table:

	Thousand euro	
	Change in interest rates (basis points)	
	+ 0.25%	- 0.25%
Fair value	235	(236)
Profit/(loss)		
Equity	169	(170)

The analysis of the liquidity of the derivative instruments, which relates to cash outflows taking into account undiscounted net flows, is as follows (thousand euro):

Company	Instrument	2017	2018	2019 and afterwards

(Thousand euro)

BBVA	Interest rate swap	382	356	41
Banco Santander	Interest rate swap	308	293	34
Kutxabank	Interest rate swap	142	135	17
Bankia	Interest rate swap	182	173	20
La Caixa	Interest rate swap	31	29	2
Banco Popular	Interest rate swap	60	57	7
	Total	**1,105**	**1,043**	**121**

13. Public institutions and tax situation

Since 1997, Vocento, S.A. and certain of its subsidiaries subject to regional income tax legislation have filed their income tax returns under the special consolidated tax regime. Vocento, S.A. is the Parent of this tax group. The notification of the composition of the tax group for 2016 was filed with the Tax Department in Bizkaia on 17 January 2017 (see the Appendix).

Regional Law 11/2013 (5 December) on corporate income tax (Regional) entered into force on 1 January 2014 and it includes, among other measures, a temporary limitation on the offset of tax-loss carry forwards and the application of deductions. It establishes a maximum term of 15 years to offset or apply these items.

Although Vocento, S.A., the parent company of Group 03/97/B, will file a consolidated corporate income tax return, the various companies that make up the Group also file their own individual return for informational purposes.

As a result of the Company's taxation under the Special Tax Consolidation System, when calculating individual corporate income tax it takes into account the eliminations from profit and loss deriving from transactions carried out during the year between the companies that make up Group 03/97/B, as well as the inclusion of eliminations applied in preceding years, when appropriate. The limits and requirements that are applicable to Group 03/97/B are taken into account when calculating the deductions.

The receivable or payable positions deriving from the estimation of corporate income tax for the year are classified in Group accounts as a result of the application of the tax consolidation system.

(Thousand euro)

Current balances with Public institutions

The composition of the headings that make reference to the current accounts maintained by Vocento, S.A. with Public institutions under current asset and liabilities in the balance sheet at 31 December 2016 and 2015 is as follows:

	Thousand euro			
	31/12/2016		31/12/2015	
	Assets Current	Liabilities Current	Assets Current	Liabilities Current
Added value tax	219	21	219	9
Current tax assets	1,325	-	1,850	-
Social security	-	34	-	13
Withholdings payable	230	1,027	349	1,140
	1,774	**1,082**	**2,418**	**1,162**

Deferred tax assets and liabilities

Details and movements in corporate income tax credits and deferred tax assets and liabilities are as follows:

2016:

	Thousand euro					
	Balance at 31 December 2015	Adjustment of prior year corporate income tax settlement	Additions	Transfers	Disposals	Balance at 31/12/2016
Deductions and credits pending application	30,401	-	-	-	-	30,401
Tax credits for tax-loss carryforwards	9,058	3,540	17,119	-	(20,451)	9,266
Deferred tax assets	6,849	(3,263)	36	-	(726)	2,896
Derivatives (Notes 10 and 12)	809	-	(173)	-	-	636
Total deferred tax assets	**47,117**	**277**	**16,982**	**-**	**(21,177)**	**43,199**
Deferred tax liabilities	(31,204)	-	-	-	-	(31,204)
Total deferred tax liabilities	**(31,204)**	**-**	**-**	**-**	**-**	**(31,204)**

The adjustments relating to the preceding year arise due to the definitive settlement of 2015 corporate income tax by reversing investee company portfolio adjustments, which results in an increase in the capitalized tax base for the tax group.

Disposals includes €7,066 thousand arising from the use of tax credits during the year that originate from the individual losses recognized by some companies included in the tax group and realized by the companies that recorded a profit during the year.

(Thousand euro)

2015:

	Thousand euro					
	Balance at 31 December 2014	Adjustment of prior year corporate income tax settlement	Additions	Transfers	Disposals	Balance at 31.12.15
Deductions and credits pending application	11,995	18	-	18,388	-	30,401
Tax credits for tax-loss carryforwards	13,367	(667)	18,388	(18,388)	(3,642)	9,058
Deferred tax assets	8,394	(16)	12	-	(1,541)	6,849
Derivatives (Notes 10 and 12)	807	2	-	-	-	809
Total deferred tax assets	**34,563**	**(663)**	**18,400**	**-**	**(5,183)**	**47,117**
Deferred tax liabilities	(31,204)	-	-	-	-	(31,204)
Total deferred tax liabilities	**(31,204)**	**-**	**-**	**-**	**-**	**(31,204)**

In 2015 tax-loss carryforwards totaling €3,642 thousand were offset. Tax-loss carryforwards totaling €102 thousand were finally offset in the definitive tax settlement.

The breakdown of tax-loss carry forwards and deductions yet to be offset that have been capitalized in the balance sheet, together with their expiry date, is as follows at 31 December 2016:

Available until	Base case
Tax-loss carryforwards	
2028	33,092
Deductions-	
2028	30,401

The deferred tax assets indicated above have been recognized in the company's balance sheet with the consideration that it is likely that these assets will be recovered, in accordance with the best estimates regarding the company's future results. In accordance with the ICAC Resolution dated 9 February 2016 and published in the Official State Journal on 16 February 2016, which develops the recognition, measurement and annual account preparation standards with respect to the recognition of corporate income tax, the Company recognized tax credits due to deductions and tax-loss carry forwards totaling €65,670 thousand (effect on tax payable amounting to €18,388 thousand calculated at the 28% tax rate), as the Company considers those credits will be recovered.

The Company therefore has deductions and tax-loss carry forwards that have not been capitalized totaling €100,538 thousand at 31 December 2016 (2015: €52,738 thousand).

(Thousand euro)

Reconciliation of reported results and taxable results

The reconciliation between reported results and the corporate income tax base is set out below:

	Thousand euro	
	2016	2015
Book profits (before taxes) - Profit/(loss)	**(65,931)**	**(13,069)**
Permanent differences:		
Tax consolidation write-offs -		
- Losses on equity instruments Tax Group (Note 7)	7,519	4,901
Other permanent differences-		
- Non-deductible representation expenses	137	144
- Dividends (Note 7)	-	(2,300)
- Other	(400)	
Temporary differences:		
- Impairment of equity instruments	(2,399)	(5,554)
- Other	(66)	50
Gross tax base	**(61,140)**	**(15,828)**
Offset of tax-loss carryforwards Tax Group	**-**	**-**
Tax base	**(61,140)**	**(15,828)**

The Company applied the extraordinary profit reinvestment system established by Article 22 of Regional Law 3/1996 (26 June) on Corporate Income Tax (in the version approved by Regional Laws 5/2009 (23 June) to the capital gains (€74,264 thousand in 2009, €3,837 thousand in 2010 and €1 thousand in 2011) obtained on certain sales (mainly the transfer of the interest held in Gestevisión Telecinco, S.A.). The application of this system means that 60% of the capital gain obtained on the transfer of the shares (2009) or 100% of the capital gain obtained on the transfer of intangible assets or property, plant and equipment (2010 and 2011) is not included in the tax base when that income is reinvested. In accordance with current legislation, the reinvestment of the amount obtained from these transfers must take place within the year prior to the date on which the transferred items were delivered and the three following years.

The Company and the tax group of which it is the parent has already met the reinvestment obligation assumed in the aforementioned transactions by increasing the cost of the interest held in Factoría de Información, S.A.U. (formally carried out in 2010 and 2012), and the subscription of a share capital increase by Comeresa Prensa, S.L.U. (2012), as well as the investments made in other investee companies and other non-current assets (primarily machinery acquired in 2010).

As the parent company of the tax group, the Company includes corporate income tax receivables and payables relating to the amounts generated by the various companies forming part of the tax group and which at 31 December 2016 totaled €7,674 thousand and €607 thousand (2015: €8,298 thousand and €203 thousand, respectively) (Note 8).

Finally, the Company has eliminated capitalized tax credits totaling €1,555 thousand from its tax settlement by charging Reserves in 2015. This is the result of the transaction carried out by the investee company “Corporación de Medios Internacionales de Prensa, S.A.U.” as described in Note 17 and which relates to "Impairment of equity instruments" in the calculation of the tax.

Reconciliation of reported profits and income tax expense

The reconciliation between reported profits and income tax expense for 2016 and 2015 is set out below:

	Thousand euro	
	2016	2015

Book profits (before taxes) - Profit/(loss)	**(65,931)**	**(13,069)**
Permanent differences	7,256	(4,107)
Adjusted book profits	**(58,675)**	**(17,176)**
Tax payable at 28%	**(16,429)**	**(4,809)**
Prior-year income tax settlement	-	(17)
Reversal/(capitalization) of unrecoverable tax credits	13,384	(18,388)
Total corporate income tax expense/(income)	**(3,045)**	**(23,214)**

Taxes recognized in equity

Details of the taxes recognized directly under equity are as follows:

	Thousand euro
	2016
Due to deferred taxes:	
Measurement of derivatives (Notes 10 and 12)	(173)
Total tax recognized directly in equity	**(173)**

	Thousand euro
	2015
Due to deferred taxes:	
Measurement of derivatives (Notes 10 and 12)	2
Total tax recognized directly in equity	**2**

Breakdown of corporate income tax expense/(income)

The breakdown of corporate income tax expense/(income) for 2016 and 2015 is as follows (on continuing operations):

	Thousand euro	
	2016	2015
Current year tax	(17,119)	(4,432)
Deferred taxes	690	(377)
Adjustment of prior year balance	-	(17)
Reversal of unrecoverable tax credits	13,384	-
Capitalization of tax credits	-	(18,388)
Total tax expense/ income	**(3,045)**	**(23,214)**

Years open to inspection and other information

As established by current legislation, taxes cannot be considered to be definitive until the relevant returns have been inspected by the tax authorities or four years have elapsed since filing, unless that period has been interrupted by tax inspection action. At the end of 2016, the Company was open to inspection of all years since 2012 for corporate income tax and all years since 2013, in general, for the other taxes to which it is liable.

(Thousand euro)

Finally, due to the different interpretations to which applicable Spanish tax legislation lends itself, there could be contingent tax liabilities which cannot be objectively quantified by Vocento, S.A. However, the Company's Directors believe that the probability that such tax contingencies will actually arise is remote and, in any event, any liability arising therefrom would not significantly affect the annual accounts.

14. Guarantees

The breakdown of guarantees provided by the Company is as follows:

	Thousand euro	
	2016	2015
Guarantees for other Group companies	4,490	2,540
Other sundry items	278	269
Total	**4,768**	**2,809**

By virtue of the syndicated financing agreement concluded on 21 February 2014 the Company has provided the guarantees described in the Appendix.

The Company's Directors estimate that the additional liabilities above the provisions recorded at 31 December 2016 for this purpose that could arise as a result of any guarantees received will not be significant.

15. Income and expense

a) Net revenue

The breakdown of this heading in the accompanying income statement for 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Dividend income received (Note 7)	-	2,300
Income from other services rendered (Note 8)	2,353	1,392
Other sundry income	177	200
Income from the charging of expenses (Note 8)	-	13
Total	**2,530**	**3,905**

(Thousand euro)

b) Personnel costs

The breakdown of this heading in the accompanying income statement for 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Wages and salaries	2,268	2,648
Severance payments	12	-
Social Security	287	124
Other staff welfare expenses	757	747
Total	**3,324**	**3,519**

In 2016 no contributions were made to the pension plan as they were suspended as a result of the Company's decision and are now associated with attaining objectives.

The average number of employees in 2016 and 2015 by professional category was as follows:

Categories	2016	2015
Chief Executive Officer	1	1
Directors	7	5
Other employees	25	3
Total	**33**	**9**

The distribution of employees by gender in 2016 and 2015 is as follows:

	2016		2015	
Categories	Men	Female	Men	Female
Chief Executive Officer	1	-	1	-
Directors	5	1	5	-
Other	10	15	4	-
Total	**16**	16	**10**	-

Eleven Directors are not employees at 31 December 2016, of which 1 is female and 10 are male (2015: 9, of which 1 is female and 8 are male).

At the date of these annual accounts the Board of Directors consists of 12 Directors (2015: 9 Directors).

c) Other operating expenses

The breakdown of this heading based on the nature of the expense at the end of 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Writers	68	74
Workshops	1	1
Administrative staff	3,215	2,887
Sundry	325	433
Marketing	310	303
Total	**3,919**	**3,698**

16. Remuneration of senior executives

There were nine and eight General Managers making up the Senior Management team at the Group at the end of 2016 and 2015, respectively, excluding those that simultaneously hold positions on the Board of Directors.

The total remuneration for the Group's Senior Management team in 2016 and 2015 totaled €1,877 thousand and €2,351 thousand, respectively. In 2016 no indemnities were paid to senior management.

Some members of the Senior Management team have contract clauses that call for an indemnity in the event of unfair dismissal consisting of amounts that vary from the amount established by employment legislation to two years of gross annual salary. On an exceptional basis, in some cases the contracts for lower-level executives contain clauses of this type, establishing one year of gross salary as an indemnity.

17. Business combinations

On 26 November 2015 the Company's single shareholder Corporación de Medios Internacionales de Prensa, S.A.U, adopted a resolution to wind itself up, liquidate and subsequently transfer all of its assets and liabilities to its parent company Vocento, S.A. The liquidation balance sheet is set out below (thousand euro) in accordance with the aforementioned resolution:

ASSETS		LIABILITIES	
Non-current investments in group companies	476	Share capital	60
Deferred tax assets	15	Share premium	829
Current investments in group companies	29	Reserves	143
		Profit/(loss) for the year	(653)
		Non-current borrowings from group companies	140
		Current borrowings from group companies	1
TOTAL ASSETS	**520**	**TOTAL LIABILITIES**	**520**

As a result of this transaction, a negative merger reserve totaling €3,871 thousand was generated in 2015 (Note 13).

On 28 July 2015 the Company approved the merger of its investee companies Comeresa País Vasco, S.L.U. (Acquiring company) and Corporación de Medios de Comunicación, S.L.U. (Target company) and on 29 July 2015 it also approved the merger of its subsidiaries Comeresa Prensa, S.L.U. (Acquiring company) and Factoría de Información, S.A.U. (Target company), which was wound up without being liquidated through the transfer of its assets and liabilities to the acquiring company.

These transactions were entered into the Mercantile Registry in October and December 2015. The merger balance sheets for the companies those for the year ended 31 December 2014 and no re-measurements for accounting purposes were made.

18. Other information

a) Audit fees

In 2016 and 2015 the fees for audit and other services provided by the Company's main auditor PricewaterhouseCoopers Auditores, S.L or by companies in the same group or associated with the auditor, or other auditors and companies associated with them, were as follows (thousand euro):

2016:

Categories	Audit services (*)	Other verification services	Other services
PricewaterhouseCoopers Auditores, S.L.	182	70	2
Total	**182**	**70**	**2**

(*) This amount includes €23 thousand relating to expenses incurred with respect to the 2016 audit performed by PricewaterhouseCoopers Auditores, S.L.

2015:

Categories	Audit (*)	Other verification services	Other services
PricewaterhouseCoopers Auditores, S.L.	182	70	2
Total	**182**	**70**	**2**

(*) This amount includes €23 thousand relating to expenses incurred with respect to the 2015 audit performed by PricewaterhouseCoopers Auditores, S.L.

b) Financial structure

As was mentioned in Note 1, the Company is the parent of Vocento Group[, which is one of the leading multi-medium communications groups in Spain and it has a notable brand presence in all news and entertainment areas, such as the press, supplements, magazines, television, radio, audiovisual production, film distribution and internet. The Group organizes management information in accordance with the following business lines in order to evaluate the Company's risks and performance. Newspapers, Audiovisual, Classifieds and Other.

As is indicated in Note 4.d, the Company determines its financial structure based on its need for financing in coordination with the general financial policies issued by the Group.

At 31 December 2016 Vocento Group's total assets amount to €498,994 thousand (prepared in accordance with International Financial Reporting Standards approved by the European Union) (2015: €615,141 thousand), and the Group's equity totals €255,068 thousand (2015: €318,690 thousand) and total income totaled €448,765 thousand (2015: €467,646 thousand).

19. Remuneration and other information regarding Directors

All compensation, including wages and other expenses, accrued by the members of the Board of Directors for all reasons totaled €1,475 thousand in 2016 (2015: €1,883 thousand). No advances, loans or guarantees were granted to the members of the Board of Directors during 2016 or 2015. The life insurance premiums paid during the year for the coverage of the members of the Board totaled €5 thousand in 2016 and €6 thousand in 2015. No contributions were made in 2016 and 2015 to pension plans whose beneficiaries are members of the Board.

The CEO has a contract clause that entitles him to an indemnity totaling two times the amounts received over the preceding 12 months in the event that the relationship is terminated by Vocento without justification.

The individual remuneration information for the Board of Directors in 2016 and 2015 is as follows:

RETRIBUCION CONSEJEROS CONSOLIDADO 2016 (miles €)

CONSEJEROS VOCENTO, S.A. 31/12/2016	DIETAS ASISTENCIA – Vocento, S.A. – COMISIONES – COMISION DELEGADA	DIETAS ASISTENCIA – Vocento, S.A. – COMISIONES – COMITE AUDITORIA Y CUMPLIMIENTO	DIETAS ASISTENCIA – Vocento, S.A. – COMISIONES – COMITE DE NOMBRAMIENTOS Y RETRIBUCIONES	DIETAS ASISTENCIA – Vocento, S.A. – CONSEJO DE ADMINISTRACION	DIETAS ASISTENCIA – Vocento, S.A. – REMUNERACION FIJA	DIETAS ASISTENCIA – Sociedades Dependientes	Participación en resultados – Vocento, S.A.	Participación en resultados – Sociedades Dependientes	APORTACIONES A PLANES DE PENSIONES; SEGUROS DE VIDA Y OTROS – Vocento, S.A.	APORTACIONES A PLANES DE PENSIONES; SEGUROS DE VIDA Y OTROS – Sociedades Dependientes	OTRAS REMUNERACIONES – Vocento, S.A.	OTRAS REMUNERACIONES – Sociedades Dependientes	RETRIBUCION FUNCIONES ALTA DIRECCION – Vocento, S.A. – FIJA	RETRIBUCION FUNCIONES ALTA DIRECCION – Vocento, S.A. – VARIABLE	Total
D. Carlos Delclaux Zulueta		9		14	26										48
D. Fernando Azaola Arteche		5	27	18	30										80
D. Fernando de Yarza		7		14	26										46
D. Gonzalo Soto Aguirre		14	14	18	30										75
D. Gonzalo Urquijo	9			11	26										46
D. Luis Enríquez Nistal									5				531		536
D. Miguel Antoñanzas Alvear	11	27	14	18	30										100
D. Santiago Bergareche Busquet	23			36	30						200				289
Energay de Inversiones, S.L.(representada por Enrique Ybarra Yba	2			18	30										50
Mezouna, S.L.(representada por Ignacio Ybarra Aznar)	9		14	18	30										71
ONCHENA, S.L.(representada por Álvaro Ybarra Zubiria)	11			18	30										59
Valjarafe, S.L.(representada por Soledad Luca de Tena García-Co	11	14		18	30										73
CONSEJEROS CESADOS DURANTE EL EJERCICIO															
Casgo, S.A.(representada por Jaime Castellanos Borrego)				2	1										4
Total general	**77**	**74**	**68**	**203**	**318**				**5**		**200**		**531**		**1.475**

RETRIBUCIÓN AL CONSEJO
(Miles de euros)

CONSEJEROS A 31 DE DICIEMBRE DE 2015	Dietas de asistencia – Vocento, S.A. – Consejo Adm.	Dietas de asistencia – Vocento, S.A. – Comisiones	Dietas de asistencia – Vocento, S.A. – Dietas Fijas	Dietas de asistencia – Sociedades dependientes	Participación en resultados – Vocento, S.A.	Participación en resultados – Sociedades dependientes	Aportaciones a planes de pensiones, seguros de vida y otros – Vocento, S.A.	Aportaciones a planes de pensiones, seguros de vida y otros – Sociedades dependientes	Otras Remuneraciones – Vocento, S.A.	Otras remuneraciones de consejeros – Sociedades dependientes	Retribución funciones Alta Dirección Consejo – Fija – Vocento, S.A.	Retribución funciones Alta Dirección Consejo – Variable – Vocento, S.A.	TOTAL
Mezouna (D. Ignacio Ybarra Aznar)	11	5	19										35
D. Santiago Bergareche Busquet	41	18	30						173				262
Valjarafe, S.L.	23	25	30										77
Energay de Inversiones, S.L.	23	7	30										59
Onchena, S.L. (D. Alvaro Ybarra Zubiria)	20	9	30										59
Casgo, S.A.	7	-	30										37
D. Miguel Antoñanzas Alvear	23	52	30										105
D. Fernando Azaola Arteche	23	27	30										80
D. Gonzalo Soto Aguirre	23	32	30										84
D. Luis Enríquez Nistal	-	-	-				6				531	404	941
Total consejeros a 31 de diciembre de 2015	**192**	**174**	**259**	**0**	**0**	**0**	**6**	**0**	**173**	**0**	**531**	**404**	**1.738**
CONSEJEROS CESADOS DURANTE EL EJERCICIO													
Mezouna (D. Santiago de Ybarra y Churruca)	11	7	11										29
D. Rodrigo Echenique Gordillo	9	-	4						27				40
Lima, S.L.U. (D. Juan Ramón Urrutia Ybarra)	20	27	29										76
Total consejeros cesados durante el ejercicio	**41**	**34**	**44**	**0**	**0**	**0**	**0**	**0**	**27**	**0**	**0**	**0**	**145**
TOTAL RETRIBUCIÓN CONSEJO	**232**	**207**	**303**	**-**	**-**	**-**	**6**	**-**	**200**	**-**	**531**	**404**	**1.883**

Information regarding conflicts of interest affecting Directors

In order to avoid conflicts of interest with the Company, during the year Directors holding positions on the Board of Directors, as well as persons related to them, have abstained from the following when authorization had not been obtained:

- Carry out transactions with the Company, except ordinary standard customer transactions of little relevance.

- Use the name of the Company or invoke their position as Director to unduly influence private transactions.

- Make use of business assets, including the Company's confidential information, for private purposes.

- Take advantage of the Company's business opportunities.

- Obtain advantages or compensation from third parties other than the Company and its group with respect to the performance of their duties, except when involving merely courtesy gifts.

- Carry out activities on their own behalf or the behalf of a third party that represent effective competition, whether actual or potential, with the Company or which, in any other way, places them in permanent conflict with the Company's interests:

Details of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors and parties related to them

The relevant shareholdings held by the members of the Board of Directors and Senior Management at the Parent Company in companies that have the same, similar or complementary corporate purpose as the Parent Company or its Group and which have been reported to the Parent Company are listed below, indicating the duties or positions that are held at these companies:

Directors:

Titular	Investee Company	Business	Percentage Interest	Functions
Mezouna, S.L.	Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.21%	-
Gonzalo Soto Aguirre	Media Smart Mobile, S.L.	Advertising	0.34%	Director (*)
Santiago Bergareche Busquet	Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.2042%	-
Fernando de Yarza López-Madrazo	Heraldo de Aragón	Media	0.15526%	Representative of the Director Hiferprés S.L.

(*) Resigned from the Board of Directors on 6 May 2016.

(Thousand euro)

<u>Related parties:</u>

Related parties	Association with the Director	Investee company	% stake	Functions
Jorge Bergareche Busquet	Brother of Santiago Bergareche Busquet	Sociedad Vascongada de Publicaciones, S.A.	0.2042%	-
Jose María Bergareche Busquet		Sociedad Vascongada de Publicaciones, S.A.	0.2780%	Chair
Jorge Bergareche Busquet		Sociedad Vascongada de Publicaciones, S.A.	0.2042%	Director
Juan Luis Bergareche Busquet		Sociedad Vascongada de Publicaciones, S.A.	0.2780%	-
Santiago de Ybarra y Churruca	Uncle of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Sociedad Vascongada de Publicaciones, S.A.	0.6084%	Director
		Diario ABC, S.L.	0.0002%	Director
Emilio de Ybarra y Churruca	Father of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Sociedad Vascongada de Publicaciones, S.A.	0.64%	-
Alvaro Ybarra Zubiría	Natural person representative of Onchena, S.L.	Mediaset	0.00499%	-
		Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Mariano Angel Ybarra Zubiria	Brother of Alvaro Ybarra Zubiría (natural person representative of Onchena, S.L.)	Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Luis Maria Ybarra Zubiria		Sociedad Vascongada de Publicaciones, S.A.	0.0135%	Director
Maria Dolores Ybarra Zubiria		Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Flora Ybarra Zubiria		Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Soledad Luca de Tena García-Conde	Natural personal representative and Joint and Several Administrator of Valjarafe, S.L.	Diario ABC, S.L.	0.00002%	Vice-Chair
		Sociedad Vascongada de Publicaciones, S.A.	0.0841%	-
		Estudios de Política Exterior, S.A.	5.93%	Director
Catalina Luca de Tena García-Conde	Sister of Soledad Luca de Tena García-Conde	Diario ABC, S.L.	0.00002%	Chair
		Sociedad Vascongada de Publicaciones, S.A.	0.1076%	-
		Ediciones Luca de Tena, S.L.	95%	Sole Administrator

<u>Details of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors and parties related to them</u>

Furthermore, the performance of activities in addition to those indicated in the above table by the various members of the Board of Directors on their own behalf, or on the behalf with third parties, that are the same, similar or supplementary to the activities making up the Parent Company's corporate purpose are set out below:

<u>Directors:</u>

Name	Activity	Activity type	Company through which the service is rendered	Positions held or duties performed at the company concerned
Luis Enriquez Nistal				
Diario ABC, S.L.	Newspaper publishing	Own behalf	-	Director
Sociedad Gestora de Televisión NET TV, S.A.	Television	Own behalf	-	Chair
Diario El Corrao, S.A.U.	Newspaper publishing	Own behalf	-	Director
Federico Domenech, S.A.	Newspaper publishing	Own behalf	-	Director
Comeresa Prensa, S.L.U.	Holding	Own behalf	-	Joint Administrator
Corporación de Nuevos Medios Digitales, S.L.U.	Holding	Own behalf	-	Joint Administrator
Comeresa Pais Vasco, S.L.U.	Holding	Own behalf	-	Joint Administrator
Radio Publi, S.L.	Radio	Own behalf	-	Chair and CEO

<u>Related parties:</u>

Related parties	Association with the Director	Company in which the position is held or duties are performed	Positions held or duties performed at the company concerned
Enrique de Ybarra	Natural personal representative of Energay de Inversiones, S.L.	Diario El Corrao, S.A.	Chair and Director
		Sociedad Vascongada de Publicaciones, S.A.	Director
		Editorial Cantabria, S.A.	Director
		Diario ABC. S.L.	Director
Jorge Bergareche Busquet	Brother of Santiago Bergareche Busquet	Diario El Corrao, S.A.U.	Director
Jose María Bergareche Busquet		Diario El Corrao, S.A.U.	Director
		Sociedad Vascongada de Publicaciones, S.A.	Chair
Santiago de Ybarra y Churruca	Uncle of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Diario El Corrao, S.A.U.	Director
		El Norte de Castilla, S.A.	Director
Emilio de Ybarra y Churruca	Father of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Diario El Corrao, S.A.U.	Director
		Estudios de Política Exterior, S.A.	Director
Soledad Luca de Tena García-Conde	Natural personal representative and Joint and Several Administrator of Valjarafe, S.L.	Radio Publi, S.L.	Director
		Diario El Corrao, S.A.U.	Director (until 22/12/2016)
		Federico Doménech, S.A.	Director
Catalina Luca de Tena García-Conde	Sister of Soledad Luca de Tena García-Conde	ABC Sevilla, S.L.U.	Joint Administrator

20. Events after the reporting period

No subsequent events arose between the end of the year and the date on which these annual accounts were prepared.

Vocento, S.A.

Appendix Companies 2016

(Thousand euro)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Págin

Sociedad							Domicilio	Actividad	Porcentaje			Miles de euros						
									Participación				Reservas y otras	Resultado del periodo (1)			Otras partidas	
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Control	Capital desembolsado	partidas de Fondos Propios	Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio	del patrimonio neto	Dividendo a cuenta
GRUPO:																		
Periódicos																		
Diario El Correo, S.A.U.	✓	✓			✓		Bilbao	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	8.000	41.835	12.718	13.755	9.436	-	(7.870)
Sociedad Vascongada de Publicaciones, S.A.	✓	✓				✓	San Sebastián	Prensa Diaria, portal local y edición electrónica de prensa	-	75,81%	75,81%	4.799	39.717	11.153	11.958	8.086	-	(6.190)
Editorial Cantabria, S.A.			✓			✓	Santander	Prensa Diaria, portal local y edición electrónica de prensa	-	90,70%	90,70%	2.308	5.386	2.538	2.649	1.833	-	-
Nueva Rioja, S.A.							Logroño	Prensa Diaria, portal local y edición electrónica de prensa	-	58,98%	58,98%	1.000	6.226	-	113	(336)	-	-
La Verdad Multimedia, S.A.			✓				Murcia	Prensa Diaria, portal local y edición electrónica de prensa	-	97,88%	97,88%	3.333	9.440	(628)	(513)	(475)	-	-
Corporación de Medios de Andalucía, S.A.			✓			✓	Granada	Prensa Diaria, portal local y edición electrónica de prensa	-	99,11%	100,00%	3.333	11.458	78	267	188	-	-
Corporación de Medios de Extremadura, S.A.			✓	✓	✓		Badajoz	Prensa Diaria	-	97,96%	97,96%	408	(1.281)	(126)	(251)	(158)	-	-
Prensa Malagueña, S.A.			✓				Málaga	Prensa Diaria	-	88,11%	88,11%	4.950	15.091	678	931	639	-	-
El Norte de Castilla, S.A.			✓			✓	Valladolid	Prensa Diaria, portal local y edición electrónica de prensa	-	77,60%	77,60%	2.168	14.508	774	1.059	648	-	-
El Comercio, S.A.							Gijón	Prensa Diaria, portal local y edición electrónica de prensa	-	51,46%	51,46%	105	6.487	(283)	(226)	(440)	-	-
Corporación de Medios de Cádiz, S.L.U.			✓	✓	✓		Cádiz	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	650	11	(261)	(316)	(2.305)	-	-
Federico Domenech, S.A.			✓			✓	Valencia	Prensa Diaria, portal local y edición electrónica de prensa	-	84,99%	84,99%	458	19.584	(58)	(63)	(1.584)	-	-
Diario ABC, S.L.			✓	✓	✓		Madrid	Prensa Diaria, portal local y edición electrónica de prensa	-	99,99%	99,99%	6.276	(25.826)	20.099	13.772	2.596	-	-
ABC Sevilla, S.L.U.			✓	✓	✓		Sevilla	Editorial	-	99,99%	100,00%	600	2.117	603	(1.977)	(8.116)	-	-
Ediciones Digitales Hoy, S.L.U.			✓		✓		Badajoz	Portal local y edición electrónica de prensa	-	97,96%	100,00%	100	84	(63)	(63)	(47)	-	-
Bilbao Editorial Producciones, S.L.U.	✓	✓			✓		Vizcaya	Artes Gráficas	-	100,00%	100,00%	12.000	9.936	(1.694)	(1.674)	(1.190)	-	-
Sociedad Vascongada de Producciones, S.L.U.	✓	✓			✓		San Sebastián	Artes Gráficas	-	100,00%	100,00%	3.000	5.444	198	276	198	-	-
Printolid, S.L.U.			✓		✓		Valladolid	Artes Gráficas	-	100,00%	100,00%	3.009	6.489	(1.813)	(1.872)	(1.404)	(18)	-
Guadalprint Impresión, S.L.							Málaga	Artes Gráficas	-	65,00%	65,00%	1.500	(587)	(9)	(122)	(122)	-	-
Localprint, S.L.						✓	Alicante	Artes Gráficas	-	50,00%	50,00%	10.000	1.689	(24)	(115)	(86)	-	-
Rotomadrid, S.L.			✓		✓		Madrid	Artes Gráficas	-	95,00%	95,00%	1.000	19.531	1.489	1.387	1.047	-	-
Andaluprint, S.L.U.			✓		✓		Sevilla	Artes Gráficas	-	99,99%	100,00%	411	2.777	(695)	(749)	(1.859)	-	-
Comeco Gráfico, S.L.U.			✓		✓		Madrid	Artes Gráficas	-	100,00%	100,00%	60	-	(40)	(39)	(29)	-	-
Beralan, S.L.	✓					✓	Guipúzcoa	Distribución	-	50,49%	50,49%	218	3.682	607	1.109	792	-	-
CM Norte, S.L.U.	✓	✓			✓		Bilbao	Publicidad	-	100,00%	100,00%	88	19	75	96	69	-	-
CM Gipuzkoa, S.L.U.	✓	✓					San Sebastián	Publicidad	-	75,81%	100,00%	100	168	4	12	9	-	-
Comercializadora Multimedia de Cantabria, S.L.			✓				Santander	Publicidad	-	90,70%	100,00%	60	(3)	8	10	7	-	-
Rioja Medios, Compra de Medios de Publicidad, S.A.U.							Logroño	Publicidad	-	58,98%	100,00%	61	100	(3)	4	3	-	-
Comercializadora de Medios Andalucía, S.L.U.			✓				Granada	Publicidad	-	99,11%	100,00%	300	190	42	49	37	-	-
CM Extremadura Publicidad Multimedia, S.L.U.			✓		✓		Badajoz	Publicidad	-	97,96%	100,00%	150	(28)	18	18	10	-	-
Corporación de Medios del Sur, S.L.			✓				Málaga	Publicidad	-	88,11%	100,00%	5	31	(2)	(5)	(4)	-	-
Comercializadora de Medios de Castilla y León, S.L.U.			✓				Valladolid	Publicidad	-	77,60%	100,00%	60	14	1	1	1	-	-
Comercializadora de Medios de Asturias, S.L.							Gijón	Publicidad	-	51,45%	99,99%	30	(9)	1	2	1	-	-
La Voz de Avilés, S.L.							Avilés	Prensa Diaria	-	43,70%	84,92%	52	(17)	2	2	1	-	-
Zabalik 2.000, S.L.U.	✓	✓					San Sebastián	Explotación y comercialización de contenidos	-	75,81%	100,00%	3	142	(2)	(0)	(1)	-	-
Fiesta Alegre, S.L.U.			✓				Valencia	Promoción y Arrendamiento Inmuebles	-	84,99%	100,00%	8.489	1.328	(11)	172	129	-	-
Servicios Redaccionales Bilbainos, S.L.U.	✓	✓			✓		Bilbao	Prensa Gratuita	-	100,00%	100,00%	550	81	13	26	19	-	-
Corporación de Medios de Alicante, S.L.			✓				Alicante	Servicios apoyo redaccionales y comerciales	-	91,44%	100,00%	4	(0)	2	-	-	-	-
Taller de Editores, S.A.			✓			✓	Madrid	Edición Suplementos	-	80,48%	80,48%	1.763	10.513	(63)	104	31	-	-
Inversor Ediciones, S.L.							Madrid	Publicación de revistas económicas	-	66,48%	82,61%	133	829	77	93	71	-	-
Desde León al mundo, S.L.							León	Portal local y edición electrónica de prensa	-	62,08%	80,00%	23	70	(17)	(17)	(13)	-	-
Audiovisual																		
Teledonosti, S.L.	✓						San Sebastián	Televisión local	-	75,81%	100,00%	1.250	71	(26)	(7)	(5)	-	-
Rioja Televisión, S.A.							Logroño	Radio Difusión y TV Autonómica	-	54,41%	92,26%	1.204	(481)	2	17	17	-	-
La Verdad Radio y Televisión, S.A.			✓				Murcia	Radio Difusión y TV Local	-	79,50%	81,22%	1.040	(613)	291	291	218	-	-
El Comercio Televisión, Servicios Audiovisuales, S.L.							Gijón	Televisión local	-	51,46%	100,00%	357	(86)	(6)	(6)	(29)	-	-
Las Provincias Televisión, S.A.U.			✓				Valencia	Televisión local	-	84,99%	100,00%	1.500	(493)	(7)	29	22	-	-
Sociedad Gestora de Televisión Onda 6, S.A.U.			✓		✓		Madrid	Televisión Digital	-	100,00%	100,00%	7.710	(3.029)	692	818	818	-	-

Vocento, S.A.

Appendix Companies 2016
(Thousand euro)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	Porcentaje: Participación Directa	Porcentaje: Participación Indirecta	Porcentaje: Control	Miles de euros: Capital desembolsado	Miles de euros: Reservas y otras partidas de Fondos Propios	Resultado del periodo (1): Resultado de explotación	Resultado del periodo (1): Rdo antes de IS de op's continuadas	Resultado del periodo (1): Resultado del ejercicio	Otras partidas del patrimonio neto	Dividendo a cuenta
Sociedad Gestora de Televisión NET TV, S.A.						✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	5.854	6.111	4.509	-	(2.893)
Avista Televisión de Andalucía, S.A.U.			✓	✓	✓		Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(2.106)	262	278	209	-	-
Radio Publi, S.L.			✓			✓	Madrid	Radio Difusión nacional	-	84,20%	84,20%	21.275	189	1.791	1.611	(4.394)	-	(455)
Onda Ramblas, S.A.U.			✓				Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.807	157	171	128	-	-
Radio El Correo, S.L.U.	✓	✓			✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	14	13	13	9	-	-
Veralia Corporación de Productoras de Cine y Televisión, S.L.					✓		Madrid	Holding	-	69,99%	69,99%	29.607	(82)	1	(1.077)	(10.874)	-	-
Radio LP, S.L.U.			✓				Valencia	Radio Difusión local	-	84,99%	100,00%	243	75	3	234	234	-	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓	✓			✓		Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.374)	(7)	80	58	-	-
Veralia Contenidos Audiovisuales, S.L.U.					✓		Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	3.779	(429)	(618)	(438)	-	-
Veralia Distribución de Cine, S.A.U.					✓		Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	51	3.342	3.453	2.590	-	-
Editorial Cantabria de Radiotelevisión, S.A.U.			✓				Santander	Radio Difusión	-	90,70%	100,00%	650	(198)	44	48	80	-	-
Clasificados																		
Desarrollo de Clasificados, S.L.U.			✓		✓		Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	14.040	(439)	(815)	(1.896)	-	-
Infoempleo, S.L.							Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	(361)	(93)	(92)	(79)	-	-
Autocasión Hoy, S.A.							Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.247	1.583	1.606	1.196	-	-
Habitatsoft, S.L.U.			✓		✓		Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	(240)	325	277	1.478	-	-
Contact Center Venta Interactiva, S.L.U.			✓		✓		Madrid	Venta de clasificados		100,00%	100,00%	4	198	23	20	15	-	-
Estructura																		
Comercial Multimedia Vocento, S.A.U.			✓	✓	✓		Madrid	Publicidad	-	100,00%	100,00%	600	(1.390)	347	382	(73)	-	-
Distribuciones COMECOSA, S.L.U.	✓	✓			✓		Vizcaya	Holding	-	100,00%	100,00%	451	17.735	(43)	54	61	-	-
Comeresa Prensa, S.L.U.			✓		✓		Madrid	Holding	100,00%	-	100,00%	403.069	21.980	(8.539)	(1.193)	(48.352)	-	-
Comeresa Pais Vasco, S.L.U.	✓	✓			✓		Vizcaya	Holding	100,00%	-	100,00%	9.686	146.623	(17)	14.943	14.414	-	-
Comeco Impresión, S.L.U.	✓	✓			✓		Vizcaya	Holding	-	100,00%	100,00%	9.249	32.179	(16)	(7.855)	(7.813)	-	-
Corporación de Nuevos Medios Digitales, S.L.U.			✓		✓		Madrid	Holding	-	100,00%	100,00%	1.500	49.017	(205)	2.630	3.743	-	-
Agencia Colpisa, S.L.U.			✓		✓		Madrid	Agencia de Noticias	-	100,00%	100,00%	92	211	(24)	(12)	37	-	-

Vocento, S.A.

Appendix Companies 2016
(Thousand euro)

**EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE**

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	% Participación Directa	% Participación Indirecta	Miles de euros Capital	Reservas y otras partidas de Fondos	Resultado del periodo (1)	Otras partidas del patrimonio neto	Dividendo a cuenta
ASOCIADAS:															
Periódicos															
Distribuciones Papiro, S.L.							Salamanca	Distribución	-	26,35%	37	140	534	-	-
Cirpress, S.L.							Asturias	Distribución	-	27,88%	12	2.319	145	-	-
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	2.941	436	-	-
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	(724)	744	-	-
Estructura															
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.				✓			Madrid	Kiosko digital	-	50,00%	53	(558)	(59)	-	-

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.
(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comeresa Prensa, S.L.U., sociedad dominante en 2014, como entidad representante del grupo fiscal

(5) Sociedad no incursa en causa de disolución prevista en la Ley de Sociedades de Capital por cuanto se adoptaron o comprometieron medidas de restablecimiento del equilibrio patrimonial (i.e. aportación de socios, ampliación o reducción de capital, préstamo participativo etc.)

(6) Sociedad garante en relación a la operación del prestamo sindicado (Nota 11)

(7) Sociedad pignorada en relación a la operación del prestamo sindicado (Nota 11)

Vocento, S.A.

Appendix Companies 2015

(Thousand euro)

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad							Domicilio	Actividad	Porcentaje			Miles de euros						
									Participación			Capital	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Control	desembolsado		Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio		
GRUPO:																		
Periódicos																		
Diario El Correo, S.A.U.	✓	✓			✓		Bilbao	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	8.000	40.756	13.702	14.902	10.730	-	(8.650)
Sociedad Vascongada de Publicaciones, S.A.	✓	✓				✓	San Sebastián	Prensa Diaria, portal local y edición electrónica de prensa	-	75,81%	75,81%	4.799	38.903	10.759	11.832	8.164	-	(6.001)
Editorial Cantabria, S.A.			✓			✓	Santander	Prensa Diaria, portal local y edición electrónica de prensa	-	90,70%	90,70%	2.308	5.386	2.995	2.561	1.785	-	-
Nueva Rioja, S.A.						✓	Logroño	Prensa Diaria, portal local y edición electrónica de prensa	-	58,98%	58,98%	1.000	6.118	-	148	108	-	-
La Verdad Multimedia, S.A.			✓			✓	Murcia	Prensa Diaria, portal local y edición electrónica de prensa	-	97,88%	97,88%	3.333	9.581	(323)	(194)	(141)	-	-
Corporación de Medios de Andalucía, S.A.			✓			✓	Granada	Prensa Diaria, portal local y edición electrónica de prensa	-	99,11%	100,00%	3.333	11.304	808	1.041	771	-	-
Corporación de Medios de Extremadura, S.A.			✓		✓		Badajoz	Prensa Diaria	-	97,96%	97,96%	408	(1.341)	295	166	61	-	-
Prensa Malagueña, S.A.			✓			✓	Málaga	Prensa Diaria, portal local y edición electrónica de prensa	-	88,11%	88,11%	4.950	15.091	764	1.041	786	-	-
El Norte de Castilla, S.A.			✓			✓	Valladolid	Prensa Diaria, portal local y edición electrónica de prensa	-	77,60%	77,60%	2.168	14.508	607	922	691	-	-
El Comercio, S.A.						✓	Gijón	Prensa Diaria, portal local y edición electrónica de prensa	-	51,46%	51,46%	105	6.604	(123)	(110)	(117)	-	-
Corporación de Medios de Cádiz, S.L.U.			✓		✓		Cádiz	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	650	377	(412)	(484)	(366)	-	-
Federico Domenech, S.A.			✓			✓	Valencia	Prensa Diaria, portal local y edición electrónica de prensa	-	83,68%	83,68%	458	19.717	(190)	(169)	(132)	-	-
Diario ABC, S.L.			✓		✓		Madrid	Prensa Diaria, portal local y edición electrónica de prensa	-	99,99%	99,99%	6.276	(26.572)	(2.067)	(8.092)	746	-	-
ABC Sevilla, S.L.U.			✓		✓		Sevilla	Prensa Diaria, portal local y edición electrónica de prensa	-	99,99%	100,00%	600	3.857	1.006	(1.040)	(1.740)	-	-
Ediciones Digitales Hoy, S.L.U.			✓		✓		Badajoz	Portal local y edición electrónica de prensa	-	97,96%	100,00%	100	43	14	14	41	-	-
Bilbao Editorial Producciones, S.L.U.	✓	✓			✓		Vizcaya	Artes Gráficas	-	100,00%	100,00%	12.000	10.143	(325)	(317)	(207)	-	-
Sociedad Vascongada de Producciones, S.L.U.	✓	✓			✓		San Sebastián	Artes Gráficas	-	100,00%	100,00%	3.000	5.115	354	461	329	-	-
Printolid, S.L.U.					✓		Valladolid	Artes Gráficas	-	100,00%	100,00%	3.009	6.866	(422)	(499)	(376)	(64)	-
Guadalprint Impresión, S.L.							Málaga	Artes Gráficas	-	65,00%	65,00%	1.500	(443)	(8)	(144)	(144)	-	-
Rotomadrid, S.L.						✓	Madrid	Artes Gráficas	-	95,00%	95,00%	1.000	19.322	2.225	2.094	1.509	-	-
Andaluprint, S.L.U.			✓		✓		Sevilla	Artes Gráficas	-	99,99%	100,00%	411	3.816	(1.323)	(1.400)	(1.039)	-	-
Beralan, S.L.	✓					✓	Guipúzcoa	Distribución	-	50,49%	50,49%	218	3.489	516	431	308	-	-
Banatu, S.L.	✓						Guipúzcoa	Distribución	-	50,49%	99,99%	5	1.182	91	100	72	-	-
CM Norte, S.L.U.	✓	✓			✓		Bilbao	Publicidad	-	100,00%	100,00%	88	(23)	38	59	42	-	-
CM Gipuzkoa, S.L.U.	✓	✓					San Sebastián	Publicidad	-	75,81%	100,00%	100	162	6	9	6	-	-
Comercializadora Multimedia de Cantabria, S.L.			✓				Santander	Publicidad	-	90,70%	100,00%	60	(4)	4	0	1	-	-
Rioja Medios, Compra de Medios de Publicidad, S.A.U.							Logroño	Publicidad	-	58,98%	100,00%	61	65	44	48	35	-	-
Comercializadora de Medios Andalucía, S.L.U.			✓				Granada	Publicidad	-	99,11%	100,00%	300	156	37	46	35	-	-
CM Extremadura Publicidad Multimedia, S.L.U.			✓		✓		Badajoz	Publicidad	-	97,96%	100,00%	150	(14)	0	1	(14)	-	-
Corporación de Medios del Sur, S.L.			✓				Málaga	Publicidad	-	88,11%	100,00%	5	32	1	-	-	-	-
Comercializadora de Medios de Castilla y León, S.L.U.			✓				Valladolid	Publicidad	-	77,60%	100,00%	60	13	2	2	1	-	-
Comercializadora de Medios de Asturias, S.L.							Gijón	Publicidad	-	51,45%	99,99%	30	(12)	5	5	3	-	-
La Voz de Avilés, S.L.							Avilés	Prensa Diaria	-	43,70%	84,92%	52	40	(72)	(72)	(56)	-	-
Zabalik 2.000, S.L.U.	✓	✓					San Sebastián	Explotación y comercialización de contenidos	-	75,81%	100,00%	3	144	(4)	(2)	(2)	-	-
Fiesta Alegre, S.L.U.			✓			✓	Valencia	Promoción y Arrendamiento Inmuebles	-	83,68%	100,00%	8.489	1.194	(8)	179	134	-	-
Servicios Redaccionales Bilbainos, S.L.U.	✓	✓			✓		Bilbao	Prensa Gratuita	-	100,00%	100,00%	550	51	28	42	30	-	-
Corporación de Medios de Alicante, S.L.			✓				Alicante	Servicios apoyo redaccionales y comerciales	-	86,83%	100,00%	4	(0)	3	-	(0)	-	-
Taller de Editores, S.A.			✓			✓	Madrid	Edición Suplementos	-	80,26%	80,26%	1.763	10.513	981	1.239	955	-	-
Inversor Ediciones, S.L.							Madrid	Publicación de revistas económicas	-	66,31%	82,62%	133	823	74	94	68	-	-
Desde León al mundo, S.L.			✓				León	Portal local y edición electrónica de prensa	-	62,08%	80,00%	23	51	27	27	19	-	-
Audiovisual																		
Teledonosti, S.L.	✓						San Sebastián	Televisión local	-	67,45%	88,97%	1.250	32	18	38	39	-	-
Rioja Televisión, S.A.							Logroño	Radio Difusión y TV Autonómica	-	54,41%	92,26%	1.204	(501)	4	12	20	-	-
La Verdad Radio y Televisión, S.A.			✓				Murcia	Radio Difusión y TV Local	-	79,50%	81,22%	1.040	(612)	(1)	(1)	(1)	-	-
El Comercio Televisión, Servicios Audiovisuales, S.L.							Gijón	Televisión local	-	51,46%	100,00%	357	(59)	(35)	(36)	(27)	-	-
Las Provincias Televisión, S.A.U.			✓			✓	Valencia	Televisión local	-	83,68%	100,00%	1.500	(491)	(33)	(3)	(3)	-	-
Sociedad Gestora de Televisión Onda 6, S.A.U.			✓		✓		Madrid	Televisión Digital	-	100,00%	100,00%	7.710	(3.283)	126	257	255	-	-

Vocento, S.A.

Appendix Companies 2016

(Thousand euro)

ANEXO
Página 2

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	Porcentaje – Participación – Directa	Porcentaje – Participación – Indirecta	Porcentaje – Control	Miles de euros – Capital desembolsado	Miles de euros – Reservas y otras partidas de Fondos Propios	Resultado del periodo (1) – Resultado de explotación	Resultado del periodo (1) – Rdo antes de IS de op's continuadas	Resultado del periodo (1) – Resultado del ejercicio	Otras partidas del patrimonio neto	Dividendo a cuenta
Sociedad Gestora de Televisión NET TV, S.A.						✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	3.797	4.183	2.635	-	-
Avista Televisión de Andalucía, S.A.U.				✓	✓		Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(1.710)	(271)	(233)	(231)	-	-
La 10 Canal de Televisión, S.L.U.				✓	✓		Madrid	Televisión Digital	-	100,00%	100,00%	1.000	18.802	(41)	(127)	(993)	-	-
Radio Publi, S.L.				✓		✓	Madrid	Radio Difusión nacional	-	84,20%	84,20%	32.671	(9.897)	1.963	(8.437)	(3.660)	-	-
Onda Ramblas, S.A.U.				✓			Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.994	(169)	(99)	(218)	-	-
Radio El Correo, S.L.U.	✓	✓	✓		✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	6	17	11	8	-	-
Cartera de Medios, S.A.U.				✓	✓		Badajoz	Radio Difusión local	-	97,96%	100,00%	550	(111)	43	43	14	-	-
Radio Gaditana 2005, S.L.U.				✓	✓		Cádiz	Radio Difusión local	-	100,00%	100,00%	13	78	22	22	-	-	-
Veralia Corporación de Productoras de Cine y Televisión, S.L.					✓		Madrid	Holding	-	69,99%	69,99%	58.282	(17.961)	(27)	(9.885)	(10.635)	-	-
Proviradio, S.L.U.				✓			Valencia	Radio Difusión local	-	78,26%	100,00%	270	235	-	-	(1)	-	-
Radio LP, S.L.U.				✓	✓		Valencia	Radio Difusión local	-	78,26%	100,00%	243	23	29	40	16	-	-
E-Media Punto Radio, S.A.U.				✓	✓		Madrid	Radio Digital	-	100,00%	100,00%	60	33	72	72	66	-	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓		✓		✓		Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.544)	(10)	146	105	-	-
Europroduzione, S.R.L.					✓		Italia	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	810	(258)	495	441	349	-	-
Veralia Contenidos Audiovisuales, S.L.U.					✓		Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	5.197	(1.214)	(1.378)	(1.166)	-	-
Veralia Distribución de Cine, S.A.U.					✓		Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	1.251	2.781	3.009	2.094	-	-
Editorial Cantabria de Radiotelevisión, S.A.U.				✓			Santander	Radio Difusión	-	90,70%	100,00%	650	(168)	25	25	(62)	-	-
Clasificados																		
Desarrollo de Clasificados, S.L.U.				✓	✓		Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	18.435	(530)	(2.729)	(3.850)	-	-
Infoempleo, S.L.							Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	-	(195)	(204)	(278)	-	-
Autocasión Hoy, S.A.							Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.102	243	249	147	-	-
Habitatsoft, S.L.U.				✓	✓		Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	1.134	(1.260)	(1.345)	(1.228)	-	-
Contact Center Venta Interactiva, S.L.U.				✓	✓		Madrid	Venta de clasificados		100,00%	100,00%	4	296	(88)	(88)	(88)	-	-
Otros																		
Factoría de Información, S.A.U.					✓		Madrid	Prensa gratuita	100,00%	-	100,00%	301	250	33	49	49	-	-
Estructura																		
Comercial Multimedia Vocento, S.A.U.				✓	✓		Madrid	Publicidad	-	100,00%	100,00%	600	(959)	(466)	(422)	(535)	-	-
Distribuciones COMECOSA, S.L.U.	✓		✓		✓		Vizcaya	Holding	-	100,00%	100,00%	451	16.260	(47)	1.263	1.174	-	-
Comeresa Prensa, S.L.U.				✓	✓		Madrid	Holding	100,00%	-	100,00%	403.069	127.404	(5.876)	(62.066)	(94.302)	-	-
Comeresa Pais Vasco, S.L.U.	✓		✓		✓		Vizcaya	Holding	100,00%	-	100,00%	9.686	60.382	(5)	19.460	18.306	-	-
Corporación de Medios Internacionales de Prensa, S.A. U.	✓		✓		✓		Vizcaya	Holding	100,00%	-	100,00%	60	841	(1)	2.431	2.431	-	-
Corporación de Medios de Comunicación, S.L.U.	✓		✓		✓		Vizcaya	Holding	100,00%	-	100,00%	12.064	22.363	(11)	16.807	16.634	-	-
Comeco Impresión, S.L.U.	✓		✓		✓		Vizcaya	Holding	-	100,00%	100,00%	9.249	43.092	(196)	(6.401)	(5.351)	-	-
CSC Madrid, S.L.U.				✓	✓		Madrid	Servicios administrativos a sociedades	-	100,00%	100,00%	66	357	(30)	(30)	(46)	-	-
Corporación de Nuevos Medios Digitales, S.L.U.				✓	✓		Madrid	Holding	-	100,00%	100,00%	1.500	44.206	(20)	528	(4.031)	-	-
Agencia Colpisa, S.L.U.				✓	✓		Madrid	Agencia de Noticias	-	100,00%	100,00%	92	170	(19)	-	(7)	-	-

Vocento, S.A.

Appendix Companies 2016

(Thousand euro)

ANEXO
Página 3

**EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE**

Sociedad							Domicilio	Actividad	% Participación		Miles de euros				
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Capital	Reservas y otras partidas de Fondos	Resultado del periodo (1)	Otras partidas del patrimonio neto	Dividendo a cuenta
ASOCIADAS:															
Clasificados															
11870 Información en general, S.L.							Madrid	Clasificados	-	35,15%	23	(6)	(137)	-	-
Periódicos															
Distribuciones Papiro, S.L.							Salamanca	Distribución	-	26,35%	37	1.496	281	-	-
Cirpress, S.L.							Asturias	Distribución	-	27,88%	12	1.959	265	-	-
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	4.329	77	22	-
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	8.552	356	-	-
Servicios de impresión del Oeste, S.L. (Corp. de Medios de Extremadura, S.A. UTE, Ley 18/1982, de 26 de Mayo)							Badajoz	Confección suplementos editoriales	-	48,98%	-	-	-	-	-
Estructura															
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.							Madrid	Kiosko digital	-	50,00%	53	(277)	(275)	-	-
Roi Media, S.L.							Madrid	Publicidad	-	50,00%	155	92	(221)	-	-

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.

(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sin actividad a la fecha actual.

(4) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(5) Sociedades que conforman el Grupo Fiscal Consolidado cuya Sociedad Dominante es Comeresa Prensa, S.L.U.

(6) Sociedad garante en relación a la operación del prestamo sindicado (Nota 20)

(7) Sociedad pignorada en relación a la operación del prestamo sindicado (Nota 20)

Vocento, S.A.

Directors’ Report 2016

Pintor Losada, 7. 48004 Bilbao (Bizkaia).

I. INTRODUCTION: VOCENTO IN THE ECONOMIC ENVIRONMENT

The Spanish economy confirmed its recovery with GDP growth in 2016 at +3.2%, based on the first estimates provided by the National Statistics Institute (INE). This recovery is sustained on the 3% improvement in employment over the past year in accordance with Social Security registrations. The notable growth in employment is joined by the positive impact of external shocks such as the low price of oil, low interest rates and the growing insecurity in tourist destination such as Egypt or Turkey.

This expansion of activities, with household spending growth of 3.1% in accordance with the Funcas panel consensus, was not fully reflected in the advertising market which grew by 2.9%, with the press and internet reflecting -7.1% and +14%, respectively.

The outlook for 2017 consists of a slowdown in the rate of economic growth to 2.4%, according to the Funcas panel consensus. The estimate is that advertising investment will grow by 2.2% according to i2p, slightly less in 2017 than in 2016, with an estimated variation of -7.3% in press and +8.2% in Internet and the latter would exceed the press as an advertising medium.

II. EVOLUTION OF VOCENTO'S BUSINESS

VOCENTO is a multimedia group led by VOCENTO, S.A., and it engages in the various areas that make up the communications media business.

The management information organization defines the Newspaper, Audiovisual and Classified lines of business. This grouping of information will be used to report to the market and includes all of the businesses in which VOCENTO is present and which are assigned to each of the three business segments.

Details of VOCENTO's business segments in 2016

PERIODICOS (print y digital)

REGIONALES

- El Correo
- La Verdad
- El Diario Vasco
- El Norte de Castilla
- El Diario Montañés
- Ideal
- Sur
- Las Provincias
- El Comercio
- Hoy
- La Rioja
- Imprentas locales
- Distribución local (Beralán)
- Agencia de noticias (Colpisa)
- Comercializadoras locales
- Otras participadas

ABC

- ABC
- Imprenta nacional

SUPLEMENTOS Y REVISTAS

- XL Semanal
- Mujer Hoy
- Corazón CZN TVE
- Inversión y Finanzas
- Mujerhoy.com
- Finanzas.com

AUDIOVISUAL

TDT

- TDT Nacional - Net TV

RADIO

- Licencias de radio analógica
- Licencias de radio digital

CONTENIDOS

- Veralia Contenidos (BocaBoca, Europroducciones y Hill Valley)
- Veralia Cine

CLASIFICADOS

- Pisos.com
- Infoempleo
- Autocasión

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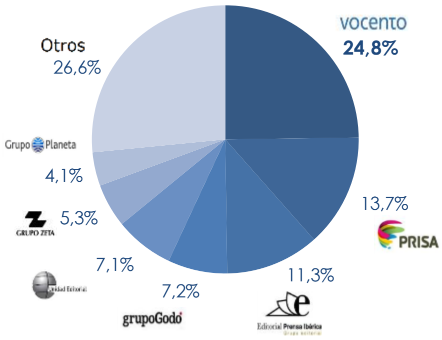
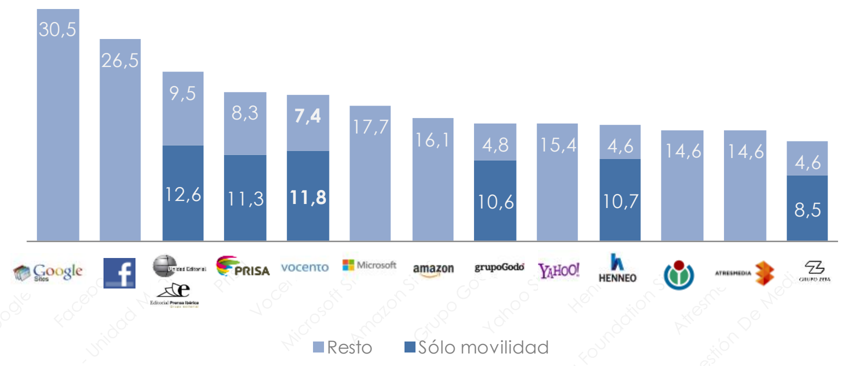
IMPORTANT NOTE In order to facilitate the analysis of the information and to appreciate the organic development of the Company, throughout the report explanations are provided when operating expenses, EBITDA, EBIT and net profits are affected by different non-recurring or extraordinary impacts. The most relevant impacts are summarized in two groups: 1) payroll adjustment measures and "one offs" and 2) impacts generated due to changes in the scope of consolidation and by strategic business decisions (i.e. sale of ABC's property in 2016).

Newspapers (offline and online)

VOCENTO is a clear leader in the general information press sector with a 24.8% quota, and the distance from the immediately following comparable communications group has increased. It is also the leader in terms of audience (in accordance with the third accumulated wave 2016 EGM, more than 2.3 million readers, more than 1 million readers more than the following group) and it has a notable position in the Internet business (audience exceeding 19 million unique monthly users in accordance with comScore, December 2016).

Ordinary readership share[1] (%) **Internet readership ranking[2] (thousands of unique monthly visits)**





Note 1: Source OJD 2016. Uncertified data Note 2: Source comScore December 2016. Hanneo is related to Heraldo Group

VOCENTO has an active presence in the new digital from both new business development and the creation of the internal infrastructure that is necessary for an optimal position.

VOCENTO works in the following areas to accelerate digital growth:

i. Increase in digital income: Action intended to maximize advertising income by segmenting audiences and providing multi-screen offers.

   Among the many measures carried out is the launch of the Local Digital Kit in April 2016, which is a solution for local digital presence and advertising. It is a group of digital marketing tools which, together with the presence in local digital edition content, allows SMEs to effectively reach customers and obtain an immediate return on their investments. After the launch in six cities, most during the latter part of the year, there are nearly 300 customers in its portfolio.

   The objective for 2017 is the launch in the rest of the cities in which VOCENTO has a media presence and diversify the customer base into new sectors.

   During the first part of this year a new version of Oferplan will be launched. This product is an innovative offer and plan portal that reflects its evolution from a portal dedicated to coupons to a new concept that combines coupons and reservations, configured as an entertainment guide with attractive discounts.

   Both Local Digital Kit and Oferplan are businesses with a slower maturity phase but which will provide greater stability to VOCENTO's income statement.

In July a 19.9% interest was acquired in Dinero Gelt S.L. through Media for Equity -M4E. This company owns an application that allows users to access a broad range of consumer products using digital coupons.

These initiatives allow contact to be made with advertising sectors that traditionally do not invest massively in press support, and that therefore represents a broadening of the customer base.

ii. Development of new digital products**:** supported by VOCENTO Media Lab. Its objective is to research, experiment and enable innovative trends of interest through pilot experiences using the company's mastheads. VOCENTO Media Lab is involved with the driving of data journalism and the new digital narratives, as well as the internal training of journalists, and the dynamics involved with sharing knowledge among technical, publishing and business areas at the Company. An important milestone was the launch of Eslang as a responsive portal for the millennial audience.

A key in innovation resides in mobility, where there have been notable milestones such as the new applications for premium subscribers to on+ or ABC as the leading Spanish newspaper in Facebook Instant Articles.

In 2017 the following lines of execution will be notable:

i. The push for social networks, mobile devices and video.

ii. The reinforcement of user engagement through personalized conversations through bots and the development of several applications.

iii. User knowledge and behavior**:** Creation and development of databases, user experience management, unification and qualification of audiences, and loyalty programs through what is known as big data.

In 2016 a user data management platform was implemented. In 2017 advances will be made in contacting and qualifying audiences. These tools have several objectives, such as increasing both transactional income thanks to cross sales and sales of products and services, among others, and advertising income.

The improvement of digital advertising income will be obtained through an increase in inventory- engagement - as well as the optimization of the monetization of that inventory due to the qualification of audiences.

Graphic summary of the position and digital celebration of VOCENTO

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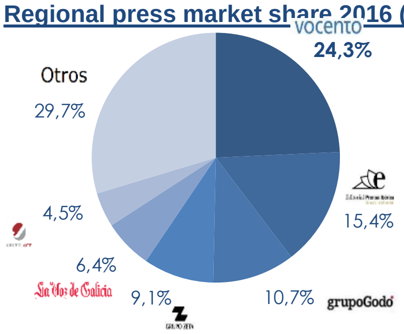
Regional Newspapers

VOCENTO is the clear leader in regional markets in Spain due to the roots and excellent position of its 11 regional newspapers: El Correo, El Diario Vasco, El Diario Montañés, El Norte de Castilla, La Verdad, Ideal, Las Provincias, Sur, El Comercio, Hoy and La Rioja. The notoriety of the newspapers, some of which are more than 100 years old, their high level of local recognition and their deep relationship with their region, make them references in their respective markets. Rigorous and independent journalism is their best credential.

VOCENTO's regional newspapers maintain their leadership in terms of readership in 2016, and they held a market share of 24.3% of the regional press, and the following regional press group obtained a share of 15.4%.

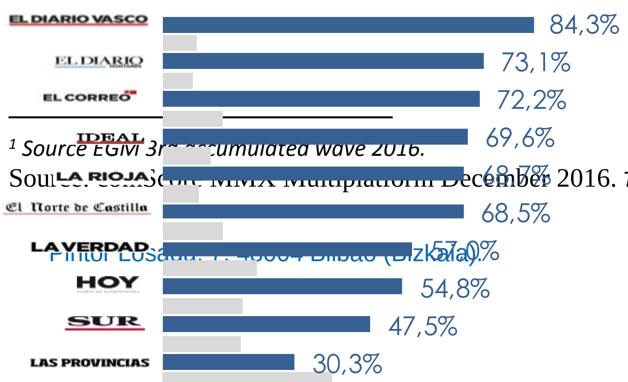
Regional press market share 2016 (%)[1]



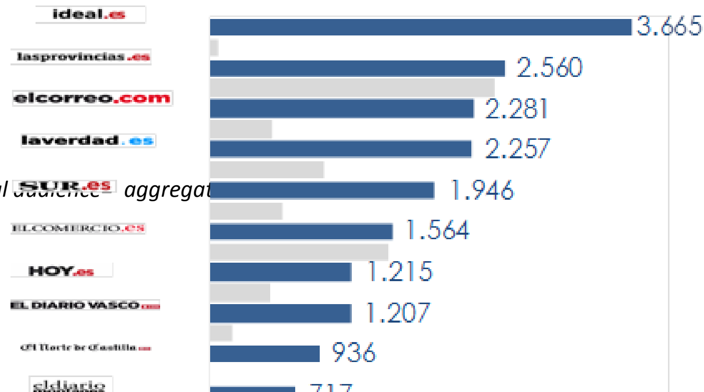
Note 1: Source OJD. Uncertified data

In terms of press audience, **the regional newspapers remain** leaders **both** offline (more than 2[1] million readers, 0.6 million more readers than the next regional newspaper group), **and online** where they attained an audience of more than 192 million unique monthly users. Each of the 11 portals is an audience leader in their market of reference.

Market share in the area of influence by newspaper1 (%)



Local portal audience (thousands of unique monthly users.)[2]



[1] Source EGM 3rd accumulated wave 2016.

Source: comScore MMX Multiplatform December 2016. *Total audience aggregat*

Note 1: Source OJD. 2016. Uncertified data Note 2: Source comScore December 2016.

The main lines of work that are intended to maintain the leadership of the newspapers, regardless of the medium, and to protect the profitability of the business are summarized as follows:

i. Strengthen the digital business: development of the existing e-commerce businesses such as Oferplan, and consolidate the digital payment model "on+", which includes exclusive content, through the launch at El Diario Vasco in May 2016. New products and services such as Local Digital Kit have also been launched.
   In 2017 the objective is to expand the geographic presence of the products that have been most successful, notably the Local Digital Kit. We have also expanded the on+ model with its launch at El Diario Montañes in February.
   VOCENTO's broad portfolio allows successful pilot experiences to be extrapolated to the rest of the brands.

ii. Protection of profitability**:** increase in the price of some newspapers, continuation of the optimization of processes and resources without ceasing to invest in the quality of editorial products maintain the push for profitable circulation.

National Newspaper- ABC

ABC is VOCENTO's national newspaper and it is more than 110 years old. ABC is VOCENTO's national newspaper and it is more than 110 years old. It is one of the leading national newspapers, in addition to being a newspaper of reference.

ABC has developed a multi-media presence: ABC press + ABC in Kiosks and Más + ABC.es + ABC mobile (applications for different multiscreen environments), in addition to radio with the support of the COPE channel broadcasting agreement. This combination of media allows publishing synergies to be developed and new audiences, including digital audiences, to be obtained.

The printed edition of ABC focuses part of its efforts on ordinary distribution or base sales that include individual subscriptions and newspaper stand sales, which provides the profitability, and decreases non-ordinary publishing in a voluntary and controlled manner (block and collective publishing).

ABC is gaining market share in the key Madrid Regional market, where it is progressively opening a bigger gap with El Mundo, as may be observed in the following illustration, and it is closing in on El País.

ABC.es continues to gain audiences thanks to the potential of mobile devices. According to comScore 12 million unique monthly users were obtained in December 2016, which is +8% growth over its comparables. Of them, 8 million or 67% of the total, originated exclusively from mobile devices, which grew by +21% compared to last year, also above its comparables.

During 2016, the keys in the strategy were the positioning in the market and profitability:

i. Increase in the digital business strengthening mobility, personalization and obtaining new visits while reinforcing services offered and customer utilities(e.g. Oferplan or ABC Photo).

ii. Improvement in profitability through the increase in the prices of newspapers from €2.80 to €3 on Sundays, and continuing with the reduction in printing costs.

iii. Loyalty programs for kiosk readers and the digital kiosk and Más platform.

In 2017, the 2016 strategic objectives are maintained:

1) Digital transformation based on abc.es with a renewed offer in the luxury, cinema and TV lines, the reinforcement of existing services such as Oferplan or ABC Photo, and the launch of new digital products such as, for example, Local Digital Kit in Seville or the discount portal abc.es, which is a new discount digital platform.
   Knowledge of customers that allow them to be consistently captured through progressively more effective marketing actions.
2) Protect the profitability of ABC by increasing the price of newspapers from €1.50 to €1.60 Monday through Friday, and the optimization of operating costs.

Supplements and Magazines

VOCENTO publishes the two leading supplements in Spain by readership: XL Semanal and Mujer Hoy. The quality of their authors and their rigorous commitment to information explain their success and differentiating position with respect to the main comparables. These supplements are distributed with all of VOCENTO's newspapers on weekends, as well as with other regional newspapers of recognized prestige.

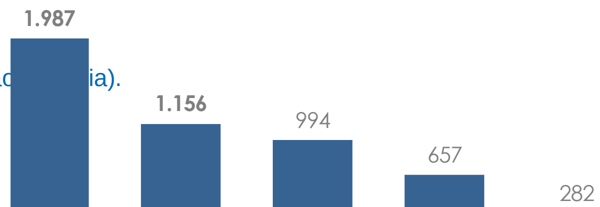
XL Semanal is the most read Sunday supplement in Spain, and it has an important list of authors such as Carlos Herrera, Arturo Pérez-Reverte, Juan Manuel de Prada, Carmen Posadas or David Gistau, among others. The objective is to continue investing in a differentiating product with a journalistic view that allows it to attract both readers and advertisers.

In addition, Mujer Hoy **is the second most read supplement and continues to be the leading women's publication in its category**. There has been notable activity with respect to corporate projects that allow the brand image to be optimized together with top advertisers, as well as the development of e-commerce products such as Guapabox, within the *beauty boxes* segment.
In the magazine division, Corazón CZN TVE, in alliance with the TVE program Corazón hosted by Anne Igartiburu, is among the leading celebrity magazines.
The men's luxury segment notably includes the large format magazine Código Único targeting upper class urban men interested in luxury and brands.
In the financial news area, Inversión y Finanzas is the weekly leader by kiosk sales, thanks to rigorous analysis of the coverage of stock markets and economic news.
There is a notable agreement with Air Europa for corporate magazines covering the publication of its magazine, which has consolidated to become the leader in the segment of *in-flight magazines*.

VOCENTO's magazines and supplements reach a combined audience of nearly 3.3 million readers in 2016, with a clear leadership of XL Semanal (nearly 2 million readers, nearly 1 million more its immediate competitor. Source: 3rd accumulated wave 2016 EGM) and Mujer Hoy (with more than 1 million readers).

Market share of the main supplements in Spain[1]

Thousands of readers



Note 1: EGM.

There is also clear leadership with respect to advertising market share. XL Semanal **has consolidated its advertising market share at 34%** among Sunday magazines, based on internal data.
the digital outlet Mujerhoy.com, with nearly 1.3 million unique users according to comScore December 2016, is at the level of the leading portals in the category.

During 2016**,** several measures were implemented in order to improve VOCENTO's supplement and magazine business:

i. Consolidation of the leadership position in terms of both audience and the advertising market share of VOCENTO's supplements after the alliance with Zeta Group to distribute XL Semanal and Mujer Hoy together with El Periódico in Catalonia.
ii. Investment in the attractive portfolio of existing products, such as the redesign of Código Único, for example.
iii. Reinforcement of the positioning of Inversión y Finanzas after the strategic agreement with Bloomberg Businessweek to publish its reports and articles in Spanish.
iv. Push in both the area of events and special actions such as new digital initiatives, notably the redesign of the mujerhoy.com portal, and the launch of XLsemanal.com and codigounico.com, as well as the support of e-commerce through Guapabox, among others.
v. Make that leadership position compatible with the rationalization of costs, without reducing the quality of the editorial content.

In 2017, there are three strategic pillars:

i. Reinforce digital content to allow the growth of traffic to the Internet portals and their monetization, the launch of new products and continue with the support of Guapabox. Maintaining a leadership position in paper publications. XL Semanal also turns 30 in 2017.
ii. Increase the business through new operating lines such as events and the customized design of special actions for customers.

Audiovisual

VOCENTO has a presence in the audiovisual market through the national TDT television license that allows broadcasting on two channels, a network of radio licenses, interests in content producers and the application of a catalog of film rights.

Television

VOCENTO holds a 55% interest in the share capital of Sociedad Gestora de Televisión Net TV S.A. (“NET TV”), which gives it a presence in one of the private operators that have an open national TDT television license.

The two operating NET TV channels broadcast under the names of Disney Channel and Paramount Channel. VOCENTO is thus present in niche television with international world entertainment leaders that guarantee the business of NET TV in the medium.

2016 was the first year of stability in the television regulatory environment, which has resulted in an improvement in the profits obtained by the national television division. 2017 is expected to be a year of continuity.

Radio

The alliance with Cadena COPE since 2013 has allowed stable profits to be obtained as well as reinforcing the ABC brand as its editorial content and communications have a spokesperson through COPE.

Audiovisual production and distribution-Veralia

VOCENTO's presence in the audiovisual production sector (production of entertainment, factual and fictional programs and film distribution) is configured through Veralia Corporación, around: i) Veralia Contenidos, audiovisual production holding company that groups together the BocaBoca Producciones, Europroducciones and Hill Valley brands, and ii) Veralia Distribución de Cine which holds a rights catalog consisting of 219 titles.

Veralia's production companies developed, pre-produced, produced and broadcast several formats in 2016, most notably “9 meses con Samanta”, “Magic Manía” (Disney Channel), “Yo Soy del Sur” (Canal Sur), “A Tu Vera” (Castilla la Mancha TV), “Donde quieres estar” (Canal Extremadura) and “El Ministerio del Tiempo” (RTP, Portugal). Another successful program was the New Year’s Eve “Telepasión” gala broadcast by TVE.

In 2016 Veralia's production companies have positioned themselves as a reference in the sector after a year in which the volume of productions increased and the customer portfolio was diversified. There is a better outlook in 2017 after reaching an agreement with TVE to produce a daily fictional series.

After the agreement reached in 2013 with certain non-controlling shareholders Veralia Distribución de Cine reduced the risk of the impact of the volatility of the area, due to the absence of the need to invest in Capex, thereby favoring its profitability possibilities. The objective in the cinema area is to continue to maximize income from the existing catalog in a growing market with the entry of new OTT (over the top) operators in the competitive television environment.

Classifieds

VOCENTO's national network of classifieds is unique in the Spanish communications sector as it has a specialized team that focuses on customer service. These qualities are reinforced by the support of ABC.es and 11 of VOCENTO's regional digital publications, which allows a national classified network to be consolidated with offers marked by the content and knowledge of the sector.

The different portals are present with national brands in the three markets of reference for internet classifieds: real estate with pisos.com (top#3 in the category), employment with infoempleo.com (top#4) and used vehicles with autocasion.com (top#6).

The business consolidated in 2016 with notable growth and both income and EBITDA, together with notable market share and penetration. The strategic focus was on the B2B segment with attractive commercial offers. Specific milestones include the redesign of the Infoempleo.com and autocasion.com portals.

The same lines of action for value added products and services is maintained in 2017 to allow deeper knowledge of customers, users and the use of the new technologies. Brand marketing actions are intended to increase advertising

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revenue from both classifieds and display ads. The measures that allow income from customers to be obtained, repeated and increased will continue. All of these measures will be executed under a profitability policy, maintaining the operating structure.

iii. Notable aspects of the financial development of the businesses

Advertising income declines by -2.2%, in a market that is not performing as well as expected.

Improvement in the 2016 margin €+0.1m but sales income for copies -5.8%

Improvement in the comparable EBITDA +4.1% to €52.2m

Net comparable profit is positive at €3.2m but the impact due to the changes in corporate income tax not affecting cash lead to reported profits down by €-60.0m

Net financial debt/EBITDA in 2016 comparable was 1.3x vs 2015 2.2x

- **Advertising income down by -2 .2% in a declining market**
  - (i) VOCENTO's advertising income in 2016 declined by -2.2% in a declining advertising market: 2016E was +5.0%[3] in 1Q16 to 2.9% actual.
  - (ii) Improvement in the off-line market share: VOCENTO off-line brands -6.6% vs market -7.1%[1]. Lower growth in on-line brands and classifieds +12.4% vs market +14.0%[1].
  - (iii) Growing digital exposure: in 2016 31.1% of total advertising income originated from digital sources, which is a +3.4% increase over 2015. The digital push translates into the launch of Local Digital Kit, Oferplan Store and the premium models Diario Vasco and Diario Montañés on+.

- **Income from sales of copies -5.8% with an improvement in ABC's share**
  - (i) In the Madrid region ABC increased its ordinary circulation by +0.8% to 26.5%[4].

- **Limited exposure to the Ibex 35 (5.2% of total income) and the public sector (6.6%)**
- **Improvement in comparable EBITDA by +4.1% to €52,238 thousand**
  - i. Execution of the Efficiency Plan: reduction of comparable personnel costs in 2016 by -4.3%[5].
  - ii. Industrial Plan: improvement in the margin from copies despite the decline in circulation and sales of copies 2016 vs 2015 by +€104 thousand.
  - iii. EBITDA growth at ABC in 2016 +€1,899 thousand to €7,757 thousand.

- **Losses totaling €60,011 thousand, including extraordinary effects. Excluding those effects, the net comparable figure would be a profit of €3,225 thousand.**
  - (i) Capital gain on the sale of the ABC building after taxes totaling €16,267 thousand .
  - (ii) Negative impact of changes in corporate income tax totaling €79,502[6] thousand after non-controlling interests, accounting adjustment, not cash.

- **Reduction of Net financial debt through the generation of ordinary operating cash totaling €21,421 thousand at the end of 2016**

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[3] *Source: i2p.*
[4] *Source OJD. Ordinary paid circulation (including kiosk sales and individual subscriptions).*
[5] *Excludes personnel adjustment measures and "one offs" 2016 -€10,115 thousand and 2015 - €2,556 thousand.*
[6] *Result after adding the effect of the tax reform totaling -€81,545 thousand, other extraordinary tax items -€1,063 thousand and the impact of non-controlling interests totaling €3,106 thousand.*

Inflow of cash due to the sale of the ABC building in December for €35,000 thousand.

i. Net financial debt/EBITDA 2016 comparable 1.3x. The NFD declined to €66,412 thousand.

ii. Generation of positive ordinary cash flow of €21,421 thousand.

iv. Risks and uncertainties

The Company's financial risk management is centralized in its Finance Department, which has established the mechanisms required to control exposure to changes in interest rates and credit and liquidity risk. The main financial risks affecting the Company are as follows:

a) Credit risk:

In general, the Company maintains its cash and cash equivalents in highly-rated financial institutions. Most of its receivables are from companies over which the Company maintains control.

b) Liquidity risk:

For the purposes of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Company has the cash reflected in its balance sheet , together with the credit and syndicated financing facilities available from certain financial institutions detailed in Note 11.

Although 31 December 2016 there is negative working capital totaling €1,240 thousand (€7,277 thousand in 2015), the Directors believe that there are no short-term liquidity problems due to the generation of cash by group companies and Vocento Group presents positive working capital totaling €11,296 thousand at 31 December 2016 ((€-6,459) at 31 December 2015). The Company also has access to lines of credit totaling €45,275 thousand that have not been drawn down at 31 December 2016 (drawdowns of €5,000 thousand at 31 December 2015).

c) Market risk (includes interest rate risk, exchange rate risk and other price risks):

The Company's borrowings are exposed to interest rate risk, which could have an adverse effect on financial results and cash flows as it is indexed to a variable interest rate. The Company partially mitigates (in the amount of €57,301 thousand of the total bank borrowings at 31 December 2016) the interest rate risk through the use of financial derivatives (Notes 11 and 12).

The Company does not consider that there are significant risks.

The Company does not carry out significant transactions in foreign currency and at 31 December 2016 it does not recognize any significant balances denominated in foreign currency.

d) Other

Compliance risks, particularly tax items, are related to possible differing interpretations of the regulations on the part of the competent tax authorities as well as the generation of taxable income that allow capitalized tax-loss carry forwards to be recovered, and the impact of any new regulations.

V. EVOLUTION OF THE AVERAGE PAYMENT PERIOD

The ratio of payments made to suppliers in 2016, the average payment period for suppliers and the ratio of transactions pending payment to suppliers at 31 December 2016 is as follows (thousand euro), in compliance with the information required by Additional Provision Three "Disclosures" of Law 15/2010 (5 July) and the resolution dated 2 February 2016 issued by the Audit and Accounting Institute in response to Final Provision Two of Law 31/2014:

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	2016 days	2015 days
Average payment period for suppliers	51.74	45.66
Ratio of payments made	51.39	43.76
Ratio of pending payments	54.80	58.17
	Amount (euro)	**Amount (euro)**
Total payments made	4,507,051	3,561,344
Total pending payments	513,810	538,593

This balance relates to the suppliers that because of their nature are trade creditors for the supply of goods and services included in the balance sheet heading "Trade and Other Payables".

VI. SHAREHOLDER REMUNERATION

The Company did not distribute any dividend whatsoever in 2016 and 2015 and at the end of both years there was no amount pending payment in this respect.

VII. TREASURY SHARES

The Company maintains 3,861,503 shares equivalent to 3.09% of its share capital and there is no restriction on their transfer within the applicable legal system.

Transactions involving treasury shares carried out in 2016 were as follows:

	No. of Shares	Cost Thousand euro)
Shares at 31/12/14	**3,867,298**	**29,874**
Purchase	883,678	1,632
Sale (*)	(874,311)	(6,215)
Shares at 31/12/15	**3,876,665**	**25,291**
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares at 31/12/16	**3,861,503**	**20,583**

(*) Sales recognized at the average weighted cost.

The capital loss resulting from the sale of treasury shares in 2016 was charged against reserves in the amount of €4,687 thousand (2015: €4,602 thousand).

In accordance with the provisions of the Spanish Companies Act 2010, the Company maintains a restricted reserve in the amount of the cost of the treasury shares held in its portfolio. This reserve will become unrestricted when the circumstances dictating its establishment cease to exist.

At the date these annual accounts were prepared the Board of Directors had not reached any decision whatsoever regarding the final use of the aforementioned treasury shares.

The average number of treasury shares in the portfolio in 2016 was 3,880,190 shares (2015: 3,868,783 shares). (Note 10)

VIII. EVOLUTION OF THE COMPANY'S SHARES

VOCENTO's shares ended 2016 at a price of €1.24 per share, which gives rise to a market capitalization of €154.9 million at 30 December 2016. The average daily trading volume during the year was 55,101 shares. VOCENTO's shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

IX. EXECUTIVE PLANS

In 2013 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2015, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Company did not recognize any payment obligation in this respect in the balance sheet at 31 December 2015.

In 2014 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2016, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

In 2015 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted net profit for 2017, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the net profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Company does not recognize any provision in this respect in the balance sheet at 31 December 2016 and 2015.

Finally, in 2016 the Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain senior executives at the Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. 40% of this compensation is associated with compliance with the accumulated net profit amount based on the figure approved in the current three-year plan, 40% to the generation of accumulated cash and 20% to the digital transformation, including the income and EBITDA of the e-commerce businesses, on-line advertising and on-line users.

To collect the financial indicators (net profit and cash generation) compliance with the covenants of the syndicated loan is essential and dividends must also be distributed in 2017 (as approved by shareholders at a general meeting during the first half of 2018) and in 2018 (as approved by shareholders at a general meeting during the first half of 2019). This distribution must be of any amount, they must be dividends charged against profits obtained during the preceding year (not against reserves) and it is not sufficient that there be distributable profits, but rather there must be an effective approval of the distribution of profits by shareholders at a general meeting.

In accordance with the valuation in that plan, 2016 profits and the uncertainty relating to the possibility of attaining the rest of the objectives, the Company does not maintain any provision in this respect in the consolidated balance sheet at 31 December 2016.

X. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2015 the Group did not make any significant investments in research and development activities.

XI. USE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments to hedge the risks to which its activities, transactions and future cash flows are exposed. Within the framework of these transactions, the Company obtained financial hedge instruments.

The interest rate hedge derivatives contracted by the Company are intended to mitigate the effect of interest rate fluctuations on future cash flows from variable rate loans. A breakdown of these transactions, and their maturity dates, is as follows at 31 December 2016.

Company	Instrument	Average contracted interest rate	Nominal amount (thousand euro)	Valid until
BBVA	Interest rate swap:	1.817%	19,546	2019
Banco Santander	Interest rate swap:	1.817%	16,109	2019
Kutxabank	Interest rate swap:	1.817%	7,400	2019
Bankia	Interest rate swap:	1.817%	9,528	2019
La Caixa	Interest rate swap:	1.817%	1,601	2019
Banco Popular	Interest rate swap:	1.817%	3,117	2019
	Total		**57,301**	

A breakdown of these transactions, and their maturity dates at 31 December 2015, is as follows:

Company	Instrument	Average contracted interest rate	Nominal amount (thousand euro)	Valid until
BBVA	Interest rate swap:	1.586%	24,145	2019
Banco Santander	Interest rate swap:	1.586%	19,899	2019
Kutxabank	Interest rate swap:	1.586%	9,142	2019
Bankia	Interest rate swap:	1.586%	11,770	2019

La Caixa	Interest rate swap:	1.586%	1,977	2019
Banco Popular	Interest rate swap:	1.586%	3,851	2019
	Total		**70,784**	

The effect of changes in the hedge derivatives in 2016 has been recognized by charging €447 thousand against the heading "Measurement adjustments - Hedge transactions" under equity (2015: €6 thousand), and €255 thousand was transferred to the income statement, (2015: €177 thousand) during 2016.

The interest rate swap derivatives in force at 31 December 2016 relate to the hedges contracted by the Group by virtue of the terms of the syndicated financing agreement (Note 11).

The Company has complied with the requirements described in Note 4.e on Accounting Policies, so as to classify the financial instruments listed below as hedges. Specifically, they have been formally designated as such and their effective hedging has been verified. The hedges designated by the Company are all effective.

The sensitivity of the interest rate hedge transactions' market value to changes in interest rates that the Company considers reasonably possible, as well as their impact on profit for the period and equity at 31 December 2016 is set out in the following table:

	Thousand euro Change in interest rates (basis points)	
	+ 0.25%	- 0.25%
Fair value	235	(236)
Profit/(loss)		
Equity	169	(170)

The analysis of the liquidity of the derivative instruments, which relates to cash outflows taking into account undiscounted net flows, is as follows (thousand euro):

Company	Instrument	2017	2018	2019 and afterwards
BBVA	Interest rate swap:	382	356	41
Banco Santander	Interest rate swap:	308	293	34
Kutxabank	Interest rate swap:	142	135	17
Bankia	Interest rate swap:	182	173	20
La Caixa	Interest rate swap:	31	29	2
Banco Popular	Interest rate swap:	60	57	7
	Total	**1,105**	**1,043**	**121**

XII. TRANSACTIONS WITH RELATED PARTIES

Transactions with group companies, primarily investee associates or those over which Vocento has effective control are carried out on an arm's length basis (Note 4.m) and are recognized in the relevant headings of the accompanying income statements for 2016 and 2015, together with the balances with group companies, primarily investee associates or those over which Vocento has effective control, which are recognized in the relevant headings in the accompanying balance sheet at 31 December 2016 and 2015, are as follows:

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2016	Thousand euro									
	Balances						Operations			
	Non-current		Current							
	Loans to Group companies and associates	Payables to Group companies and associates	Trade receivables from Group companies and associates	Payables to Group companies	Payables to Group companies and associates	Trade payables, Group companies and associates	Income from services rendered (Note 15.a)	Other operating expenses (Note 15.c)	Financial income from Group companies and associates	Financial expense on payables to Group companies and associates
Comeresa Prensa, S.L.U.	838	273,725	331	133	-	13	1,626	1,021	53	4,683
Veralia Corporación Producciones de Cine y Televisión, S.L.	9,501	-	-	1,509	-	-	-	-	557	-
Veralia Contenidos Audiovisuales, S.L.U.	1,479	-	-	235	-	-	-	-	87	-
Diario El Correo, S.A.U.	-	386	52	3,854	-	37	225	76	-	-
Comeresa Pais Vasco, S.L.U.	-	-	-	545	-	-	-	-	-	-
El Diario Vasco, S.A.	-	-	16	3,138	-	-	52	-	-	-
Bilbao Editorial Producciones, S.L.U.	4,125	868	4	-	556	2	7	23	-	-
Diario ABC, S.L.	15,813	-	43	2,512	-	6	50	242	1,006	-
ABC Sevilla, S.L.	1,047	-	3	166	-	-	4	-	67	-
Radio Publi, S.L.	1,209	-	-	192	-	-	1	-	77	-
Corporación de Medios de Extremadura, S.A.	732	-	4	116	-	-	13	-	46	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1,100	10	-	22	-	-	-	-	-	-
Sociedad Vascongada de Producciones, S.L.U.	-	-	2	79	-	-	5	-	-	-
Other Group companies	1	517	126	38	51	15	367	23	-	-
Total	**35,845**	**275,506**	**581**	**12,539**	**607**	**73**	**2,350**	**1,385**	**1,893**	**4,683**

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2015	Thousand euro - Balances - Non-current - Loans to Group companies and associates	Payables to Group companies and associates	Current - Trade receivables from Group companies and associates	Payables to Group companies	Payables to Group companies and associates	Trade payables, Group companies and associates	Operations - Income from services rendered (Note 15.a)	Other operating expenses (Note 15.c)	Financial income from Group companies and associates	Financial expense on payables to Group companies and associates
Comeresa Prensa, S.L.U.	972	238,785	138	178	-	23	1,364	968	62	5,274
Veralia Corporación Producciones de Cine y Televisión, S.L.	11,009	-	-	2	-	-	-	-	698	-
Veralia Contenidos Audiovisuales, S.L.U.	1,713	-	-	3	-	-	-	-	109	-
Diario El Correo, S.A.U.	-	386	10	4,167	-	17	20	75	-	-
Comeresa Pais Vasco, S.L.U.	-	-	-	583	-	-	-	-	-	-
Sociedad Vascongada de Publicaciones, S.A.	-	-	-	3,335	-	-	-	-	-	-
Bilbao Editorial Producciones, S.L.U.	4,125	657	-	-	186	2	-	23	-	-
Diario ABC, S.L.	18,323	-	1	3,351	-	6	2	256	965	-
ABC Sevilla, S.L.	1,214	-	-	222	-	-	-	-	77	-
Radio Publi, S.L.	1,401	-	-	256	-	-	-	-	89	-
Corporación de Medios de Extremadura, S.A.	848	-	-	155	-	-	-	-	55	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	1,100	-	-	25	-	-	-	-	-	-
Corporación de Medios Internacionales de Prensa, S.A.	-	-	-	-	-		-	-	-	-
Other Group companies	-	331	-	181	39	4	23	28	-	-
Total	**40,705**	**240,159**	**149**	**12,458**	**225**	**52**	**1,409**	**1,350**	**2,055**	**5,274**

The most relevant balances and transactions with equity-consolidated companies derive from the sale and distribution of copies of newspapers and supplements that are carried out on an arm's length basis. Since those balances are of a commercial nature they do not accrue any interest and will generally be settled in the short-term. Group companies had not granted any lines of credit or loans to related companies at 31 December 2016 and 2015.

The Group maintains business relationships during the ordinary course of its business with companies at which the independent directors hold directorship and/or senior management positions, Elecnor, S.A. (at which Mr. Fernando Azaola Arteche is a Director and/or senior executive) and Viesgo Energía, S.L. (at which Mr. Miguel Antoñanzas Alvear is a Director and/or senior executive). These business relationships are carried out on an arm's length basis and their volume is not significant compared to total consolidated income and expense.

Fernado de Yarza López-Madrazo is, in turn, Chairman of Henneo Group and the company Taller de Editores, S.A. Vocento and Henneo Group hold direct interests in the latter. He is also a director of the companies Distribuidora de Aragón, S.L. (DASA) and Distrisoria Publicaciones y Distribución Soria, S.L., in both of which Vocento and Henneo Group hold direct and indirect interests. Those companies maintain business relationships with Vocento and its subsidiaries, including the distribution of periodicals, the marketing of advertising and the preparation of weekend supplements, among other things.

XIII. EVENTS AFTER THE REPORTING PERIOD

No events arose between the end of the year and the date on which these annual accounts were prepared.

XIV. FORESEEABLE DEVELOPMENT

Lines of action for VOCENTO in 2017 derive from the following commitments:

i. Increase in the weight of digital income as a percentage of total advertising income.
ii. Improvement in the comparable EBITDA, among other things, through the optimization of the business structure in the new Efficiency Plans (c. €12m).
iii. Generation of positive ordinary cash flow

To do this action is being taken on several fronts:

i. Diversification of businesses including new lines of business that all income to be diversified and to provide more stability to VOCENTO's income statement.
ii. Cost reduction.
iii. For example, efficiency in cash flows, continuous control over capex and monitoring of CAPEX.

XV. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report consists of 52 pages. It is attached to the Consolidated Directors' Report in accordance with the provisions of Article 538 of the Spanish Companies Act 2010. The Annual Corporate Governance Report is also available at the CNMV website, www.cnmv.es. www.cnmv.es

XVI. ANNUAL ACTIVITY REPORT

The Annual Activity Report prepared by the Audit and Compliance Committee consists of 17 pages and is attached to the Consolidated Directors' Report in accordance with the provisions of Article 18.8 of the Board of Directors Regulations.

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vocento

ANNUAL CORPORATE GOVERNANCE REPORT

VOCENTO, S.A.

2016

Approved by the Board of Directors on 28 February 2017

ANNUAL CORPORATE GOVERNANCE REPORT

VOCENTO, S.A.

END OF REFERENCE YEAR: 31/12/2016

A.- STRUCTURE OF SHARE OWNERSHIP

A.1 Complete the following table for the company's share capital

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
31/12/2001	24,994,061,20	124,970,306	124,970,306

Indicate if there are different classes of shares with different rights associated to them:

No

A.2 Detail the direct and indirect owners of significant stakes at the end of the year, excluding directors:

Name or Company name of shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	
Enrique Ybarra Ybarra	500	Energay de Inversiones, S.L.	8,167,106	6.54
Carmen Ybarra Careaga	0	Onchena, S.L.	6,836,456	5.47
Casgo	4,993,201			3.966
Santander Asset Management, S.A., SGIIC	0	Santander Small Caps Europa, FI, and Santander Small Caps España, FI	4,970,325	3.977

Indicate the most significant movements in the shareholder structure in the year:

Not applicable

A.3 Fill in the following tables for members of the Board of Directors of the company with voting rights in company shares:

Name or Company name of director	Number of direct voting rights	Indirect voting rights	% of total voting rights

		Direct owner of stake	Number of voting rights	
ENERGAY DE INVERSIONES, S.L.	8,167,106		0	6.54
DON GONZALO SOTO AGUIRRE	100	Concerted Action	7,988,912	6.39
DON LUIS ENRIQUEZ NISTAL	71,955		0	0.06
DON SANTIAGO BERGARECHE BUSQUET	700	Shareholder pact	5,986,133	4.79
DON FERNANDO AZAOLA ARTECHE	5000	María Lourdes Zubiaga Carlos	1,701	0.01
MEZOUNA, S.L.	13,843,275		0	11.08
DON MIGUEL ANTOÑANZAS ALVEAR	10,89	Mónica Basa Ybarra	89	0.01
ONCHENA, S.L.	6,836,456		0	5.47
VALJARAFE, S.L.	12,609,314		0	10.09
Fernando de Yarza López-Madrazo	50			0

% total voting rights held by the Board of Directors	44.44

Fill in the following tables for members of the Board of Directors of the company with rights on company shares:

Name or Company name of director	Number of direct voting rights	Number of indirect voting rights	Number of equivalent shares	%% of total voting rights
DON LUIS ENRIQUEZ NISTAL	336,178	0	336,178	0.27%

A.4. State any relationships of a family, commercial, contractual or company nature between major shareholders, to the extent that the company is aware of this, unless of little relevance or derived from ordinary business:

Not applicable

A.5. State any relationships of a family, commercial, contractual or company nature between major shareholders, and the company and/or group, unless of little relevance or derived from ordinary business:

Not applicable

A.6. State if the company has been informed of the shareholder agreements which affect it,

in accordance with Articles 530 and 531 of the Law on Corporations. Describe briefly the shareholders bound by the pact, if applicable

Yes

Participants in the shareholder agreement	% of share capital involved	Brief description of the agreement:
(i) DOÑA DOLORES AGUIRRE YBARRA Y OTROS; (ii) DOÑA PILAR AGUIRRE ALONSO-ALLENDE; (iii) DON EDUARDO AGUIRRE ALONSO-ALLENDE; (iv) DON GONZALO AGUIRRE ALONSO-ALLENDE; (v) DOÑA MARÍA ISABEL LIPPERHEIDE; (vi) DON GONZALO SOTO AGUIRRE (vii) BELIPPER, S.L.; (viii) ALBORGA UNO, S.L.; (ix) ALBORGA DOS, S.L.; (x) MIRVA, S.L.; (xi) GOAGA 1, S.L.; (xii) AMANDRERENA 1, S.L.; and (xiii) LIBASOLO, S.L.	6.39%	Published as a relevant fact on 23 April 2014, registration number 203864. Shareholders connected to the Aguirre family owning 7,989,012 shares (6.393%) reached a one-year agreement extendable automatically for one year, to appoint directors, recognising Gonzalo Soto Aguirre as the Director nominated by the participants to exercise their combined voting rights in the Shareholder Meeting. On 26 May 2014 Libasolo, S.L. assumed the place of Magdalena Aguirre Azaola and Carmen Aguirre Azaola. On 3 December 2014, Pilar Aguirre Alonso-Allende sold 8,670 shares in Vocento and the share capital covered decreased to 7,980,342 shares (6.386%).

(i) MECAMUR, S.L., (ii) BORATEPA, S.L., and (iii) EDULA, S.L.	4.79%	Published as a relevant fact on 17 February 2014, with registration number 200550. On 17 February 2014, the shareholders of Vocento, S.A., Boratepa, S.L., and Edula, S.L., holders of 1,995,078 and 1,995,077 shares in Vocento respectively, representing 3.193% of share capital and linked to José María Bergareche Busquet and Jorge Bergareche Busquet, brothers of directors Santiago Bergareche Busquet, stated their irrevocable commitment to vote in the same way as Mecamur, S.L., a company linked to Santiago Bergareche Busquet and the holder of 1,995,078 shares representing 1.597% of share capital, or alternatively to delegate the exercise of their vote and other political rights of their shares or any other Vocento shares that may be acquired in the future to Mecamur, S.L., at all of the Shareholder Meetings of Vocento that are held during the period of this commitment.

State any modification or breaking of these pacts, agreements, or joint actions in the year:

Not applicable

No aplicable

A.7. State if there is any individual or legal entity who exercises or could exercise control of the company, in accordance with article 5 of the Securities Market Law, and indicate them.

No

A.8. Complete the following tables about the company's treasury stock:

At the end of the year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
3,861,503	0	3.09%

Detail any major variations in the year, in accordance with Royal Decree 1362/2007

There were no major variations

A.9. Detail the conditions and the duration of the mandate in force from the General Shareholder Assembly to the Board to acquire or transfer treasury stock

The Annual General Meeting of shareholders held on 28 April 2015 adopted the following agreement:

In accordance with the terms of Articles 146 and following and 509 of the Law on Corporations, and Article 7 of the Rules for the Internal Conduct of the Company, leaving without effect the authorisation awarded in the same area by the shareholder meeting of 14 April 2010, authorise and award powers to the Board of Directors for the company to acquire shares in the company itself under the following conditions:

1.- Means of acquisition: by trade or any other inter vivos transaction of those shares in the company that the Board of Directors considers appropriate, in the limits established in the following sections.

The shares to be acquired must be fully paid in, unless the shares are to be freely acquired, free of charges and of the obligation to make accessory payments.

2.- Maximum number of shares to acquire: a number of shares whose nominal value, in addition to those the acquiring company and its subsidiaries already possess, is not more than 10% of the total paid in share capital.

3.- Minimum and maximum acquisition price: the acquisition price will not be less than the nominal share price, or 20% more than the market price, on the working stock market day, the day before the acquisition.

4.- Duration of the authorisation: five years, from the adoption of this agreement.

The acquisition, including all the shares that the company has acquired before and holds in its portfolio, must in all events allow the company to establish the reserve stated in article 148 point c of the Law on Corporations, without leading to shareholder equity, as defined in article 146 section 1 point b of the Law on Corporations, being less than the sum of share capital plus the reserves that are not available in law or in the bylaws.

It is expressly authorised that the shares acquired by the company in the use of this authorisation may be used, partly or in full, to be sold or amortized and also to be delivered or sold to the workers, employees, directors or service providers of the company, when there is a recognised right, either directly or as a result of the exercise of options belonging to them, in accordance with the last paragraph of Article 146, section 1 point a, of the Law on Corporations."

A.9 bis estimated free float:

	%
Estimated free float	37.98%

A.10. State any legal and statutory restrictions on the transfer of shares and/or the exercise of voting rights. In particular, state any restrictions that could obstruct the acquisition of control of the company by the acquisition of its shares in the market.

No

A.11. Indicate if the Shareholder Meeting has agreed to adopt measures for neutralisation of a public takeover bid as described in Law 6/2007.

No

If applicable, describe the measures approved and the terms in which the restrictions will become ineffective.

Not applicable

A.12 Indicate if the company has issued securities that are not traded in a regulated Community market.

No

If applicable, indicate the different classes of shares and for each class, the rights and obligations they grant.

Not applicable

B.- SHAREHOLDER MEETING

B.1. Indicate and detail any differences from the minimum quorum regime of the Law on Corporations (LSC) in terms of the quorum for a Shareholder Meeting:

No

B.2. Indicate and detail any differences with the minimum quorum regime of the Law on Corporations (LSC) for the adoption of shareholder agreements:

No

Describe any differences from the LSC.

Not applicable

B.3. Indicate the norms applicable to the modification of company bylaws. In particular, indicate the majorities needed for the modification of the bylaws and any rules for protecting shareholder rights when bylaws are modified.

In accordance with Article 12 of Vocento's company bylaws and the Rules for the General Shareholder Meeting, for a valid agreement to modify the bylaws at an ordinary or extraordinary shareholder meeting, it will be necessary for shareholders present or represented at the meeting to own at least fifty per cent of paid in capital with voting rights, at the first call. At the second call, the level will be twenty-five per cent. When shareholders representing less than fifty per cent of paid in capital with voting rights meet, the agreements covered by this paragraph can only be adopted with the favourable vote of two thirds of the capital present or represented at the meeting.

B.4. Provide attendance data for the general shareholder meetings held in the year covered by this current report and previous years.

	Attendance data (*)				
Date of shareholder meeting	% physically present	% proxy	% distance vote		Total %
			Electronic vote	Others	
26 April 2016 (Ordinary AGM 2016)	18.51	49.35	-	-	67.86
28 April 2015 (JG Ordinary AGM 2015)	18.89	56.84	-	-	75.73

B.5. Indicate if there are any restrictions in the bylaws on the number of shares needed to attend the shareholder meeting:

Yes

Number of shares needed to attend the shareholder meeting	FIFTY (50)

B.7. State the web site address for information on corporate governance and other information about general shareholder meetings that must be made available to shareholders on the Company's web site.

The web page http://www.vocento.com/accionistas_e_inversores.php provides access to the following sections for Vocento shareholders and investors:

- Start: ticker, latest information published, and other relevant facts
- The company: Profile of the Company and Management Team.
- Shares: share price, share capital, treasury stock, significant holdings, shareholder remuneration policy, analysts, shareholder's space.
- Financial Information: annual reports, regular information, IPO prospectus, average payment period to suppliers
- Relevant Facts
- Corporate Governance: company bylaws, committees and commissions, rules, Code of Ethics, annual reports on corporate governance, annual reports on director remuneration, and shareholder agreements.
- Shareholder Meeting: shareholder forum, calls for the Shareholder Meeting, proposed agreements, documentation, right to information, right to attend, voting rights, adoption of agreements, location.
- Corporate presentations
- Investor calendar
- Contact us

The General Shareholder Meeting of Vocento held on 26 June 2012, in accordance with Article 11 bis of the revised text of the Law on Corporations, approved its corporate website at www.vocento.com.

C.- ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 Detail the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	18
Minimum number of directors	3

C.1.2 Complete the following table with members of the Board:

Name or Company name of director	Representative	Type of Director	Position on board	Date of 1st appointment	Date of last appointment	Electoral procedure
Santiago Bergareche Busquet	--	Nominee	Chairman	12/11/2013	12/11/2013	Co-opted
Gonzalo Soto Aguirre	--	Nominee	Deputy Chairman	26/04/2012	26/04/2012	Shareholder Meeting
Luis Enríquez Nistal	--	Executive	Chief Executive Officer	18/07/2011	26/04/2012	Shareholder Meeting
Fernando Azaola Arteche	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Mezouna, S.L.	Ignacio Ybarra Aznar	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Miguel Antoñanzas Alvear	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Onchena, S.L.	Álvaro Ybarra Zubiría	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Energay de Inversiones, S.L.	Enrique de Ybarra Ybarra	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Valjarafe, S.L.	Soledad Luca de Tena García-Conde	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Carlos Delclaux Zulueta		Independent	Director	23/02/2016	26/04/2016	Co-opted
Gonzalo Urquijo y Fernández de Araoz		Independent	Director	23/02/2016	26/04/2016	Co-opted
Fernando de Yarza López-Madrazo		Independent	Director	23/02/2016	26/04/2016	Co-opted

Total number of directors	12

State any terminations which have occurred at the Board of Directors in the period.

Name or Company name	Type of director	Date of termination
Casgo	Nominee	18 January 2016

C.1.3 Complete the following tables about the categories of members of the Board:

EXECUTIVE DIRECTORS

Name or Company name	Role at company
Luis Enríquez Nistal	CEO

Total number of executive directors	1
% of total Board	8.33%

EXTERNAL NOMINEE DIRECTORS

Name or Company name of director	Name or Company name of significant shareholder represented or who proposed appointment
Santiago Bergareche Busquet	Santiago Bergareche Busquet
Energay de Inversiones, S.L.	Enrique de Ybarra Ybarra
Gonzalo Soto Aguirre	Dolores Aguirre Ybarra and others
Mezouna, S.L.	Mezouna, S.L.
Onchena, S.L.	Doña María del Carmen Careaga Salazar
Valjarafe, S.L.	Valjarafe, S.L.

Total number of nominee directors	6
% of total Board	50

EXTERNAL INDEPENDENT DIRECTORS

Name or Company name of director	Profile
Fernando Azaola Arteche	Business
Miguel Antoñanzas Alvear	Business
Carlos Delclaux Zulueta	Business
Gonzalo Urquijo y Fernández de Araoz	Business
Fernando de Yarza López-Madrazo	Business

Total number of independent directors	5
% of total Board	41.67

State if any director with the status of independent receives from the company or its group any amount or benefit other than a director's remuneration, or maintains or has maintained in the last year any business relationship with the company or any group company, in his own name,

or as a significant shareholder, director or manager of any entity which has or has had such a relationship.

The group has ordinary business relationships with entities in which independent directors hold director and/or management positions, Elecnor, S.A. (where Don Fernando Azaola Arteche is a director and/or manager) and Viesgo Energía, S.L. (where Don Miguel Antoñanzas Alvear is a director and/or manager)

Fernando de Yarza López-Madrazo is Chairman of Grupo Henneo and of Taller de Editores, S.A., in which Vocento and Grupo Henneo hold stakes. He is also a director at Distribuidora de Aragón, S.L. (DASA), Distrisoria Publicaciones y Distribución Soria, S.L. in which Vocento and Grupo Henneo hold direct or indirect stakes. These companies have business relations with Vocento and its subsidiaries, including the distribution of publications, advertising sales, and the preparation of weekend supplements.

If applicable, include a statement from the board for the reasons why they believe this director can carry out his functions as an independent director.

Name or Company name	Description of relationship	Declaration
Fernando Azaola Arteche	Supply of products and services from Elecnor, S.A or subsidiaries	These business relations (i) use contracts with standardized conditions, (ii) with generally established prices and tariffs, and (iii) are not of a significant amount. The Board believes, following a report from the Appointments and Remuneration Committee, that the business relations with Fernando de Yarza López-Madrado do not prevent him for carrying out his functions as an independent director.
Miguel Antoñanzas Alvear	Supply of electricity from Viesgo Energía, S.L. or subsidiaries	
Fernando de Yarza López-Madrazo	La distribución de publicaciones periódicas, la comercialización de publicidad y la elaboración de	

OTHER EXTERNAL DIRECTORS

Identify any other external directors and include the reasons why they are not considered to be nominee or independent, plus any links to the company, directors or shareholders:

None

Indicate any variations that may have occurred in the year in the status of each director.

Not applicable

C.1.4 Complete the following table with information about the number of female directors in the last 4 years, and the status of these directors:

This includes only Doña Soledad Luca de Tena García-Conde, the representative of Valjarafe, S.L., a nominee director since 2012.

Number of female directors	% of total directors of each type

	2016	2015	2014	2013	2016	2015	2014	2013
Executive	0	0	0	0	0	0	0	0
Nominee	1	1	1	1	16,67%	14,29%	12,25%	12,25%
Independent	0	0	0	0	0	0	0	0
Other external	0	0	0	0	0	0	0	0
Total:	1	1	1	1	8,33%	10%	8,33%	8,33%

C.1.5 Explain any measures taken to try to include on the board a number of women which allows for a balanced presence of men and women.

Explain the measures
On 16 February 2015 the Appointments and Remuneration Committee unanimously approved a plan with targets for the representation of women on the Board, with the aim of achieving a balance between men and women on the Board.

C.1.6 Explain any measures adopted by the appointments committee so that selection procedures do not suffer from the implicit biases that may prevent the selection of female directors, so that the company deliberately looks for women with the right professional profile and includes them in its potential candidates:

Explanation

The measures approved in the plan for targets of female representation in the Board implemented by the Appointments and Remuneration Committee include:

- When an Independent Director or an Executive Director is needed to fill a vacancy or to increase their number:
  - the selection procedure will not suffer from the implicit bias that is an obstacle to selecting women;
  - there will be a deliberate search for women with the right professional profile as potential candidates; and
  - when it comes to recommending to the Board the appointment of a Director, the need for a balance between men and women will be taken into consideration.
- When a Nominee Director is to be appointed, to replace a current director or because a new shareholder requests, the shareholder will be requested to bear in consideration the need for a balanced number of men and women.

When despite any measures adopted, the number of female directors is low, explain the reasons for this:

Explanation

Vocento has responded to the requests of significant shareholders to appoint nominee directors, all of whom have been ratified by the General Shareholder Meeting. For the appointment of independent women directors processes were put in place to identify female candidates, but in the end the best candidates were men.

C.1.6 bis Explain the conclusions of the appointments committee about the verification of compliance with the selection policy for directors. In particular, about how this policy is promoting the target that in 2020 the number of female directors will represent at least 30% of the total members of the Board.

There have been no nominations enabling the Committee to verify compliance with its policy for selecting directors. For the appointment of female directors, processes were established to identify female candidates, but the best candidates were men. Nevertheless, the Appointments and Remuneration Committee reiterates its commitment to complying with the targets of the female representation plan it has drawn up and will continue to include women in its proposals for appointments as directors.

C.1.7 Explain the representation on the board of shareholders with significant stakes

All shareholders with a stable shareholding considered by the Board of Directors as Vocento as significant, and who have requested a position, are represented on the Board of Directors.

C.1.8 Explain if applicable the reasons why nominee directors have been appointed by shareholders with a stake of under 3% of share capital.

Not applicable

Indicate if any formal requests for a position on the Board from shareholders with an equal or higher stake than others with nominee directors have been granted. If not, explain why

No

C.1.9 Indicate if any director has abandoned his role before the expiry of the mandate, if the director has explained their reasons and in what medium to the Board, and if this has been in writing to the entire Board, explain the motives given:

Name of Director	Reason for termination
Casgo, S.A.	Casgo, S.A. resigned as director on 18 January 2016 for personal reasons

C.1.10 State, if applicable the powers delegated to the executive director(s):

Name or Company name of director	Brief description
Luis Enríquez Nistal	As chief executive officer, he can exercise all powers except for those which legally or statutorily cannot be delegated in accordance with Article 19 of the company bylaws and Article 14 of the Rules for the Board of Directors, with the limitation of the second paragraph of the last article of these rules, which says that any operation of over 3 million euros must be informed to the executive committee by the chief executive officer prior to being carried out.

C.1.11 identify if applicable the members of the Board who have a director's or management role in other companies that form part of the group of the listed company:

Name or Company name of director	Company name of group entity	Position	Executive functions?
Luis Enríquez Nistal	Comeresa Pais Vasco, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Comeresa Prensa, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Corporación de Nuevos Medios Digitales, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Diario ABC, S.L.	Director	No
Luis Enríquez Nistal	Diario El Correo, S.A.	Director	No
Luis Enríquez Nistal	Federico Domenech, S.A.	Director	No
Luis Enríquez Nistal	Radio Publi, S.L.	Chairman and CEO	Yes
Luis Enríquez Nistal	Sociedad Gestora de Televisión Net TV, S.A.	Chairman	No

C.1.12 : Detail if applicable the directors of the company who are members of the Board of Directors of other companies, distinct from the group, that are listed on Spanish stock markets and of which the company has been notified:

Name or Company name of director	Company name of listed entity	Position
Fernando Azaola Arteche	Elecnor. S.A.	Chairman

Santiago Bergareche Busquet	Ferrovial, S.A.	Deputy Chairman
Santiago Bergareche Busquet	Nmas1 Dinamia, S.A.	Deputy Chairman
Carlos Delclaux Zulueta	Vidrala, S.A.	Chairman

C.1.13 State and explain if the company has established rules on the number of boards which its directors may be part of:

YES

Explanation of the rules
In accordance with Article 29.3 of the Rules of the Board, the directors may not, except for express authorisation of the board, after a report from the appointments and remuneration committee, form part of more than 8 (eight) boards, excluding (i) companies which are part of the same group as the company, (ii) the boards of family companies of directors or their families, and (iii) the boards of which they form part because of professional relations.

C.1.15 State the total remuneration of the Board of Directors:

Remuneration of board of directors (thousand euros)	1,475
Accumulated pension rights of current directors (thousand euros)	0
Accumulated pension rights of former directors (thousand euros)	0

C.1.16 Identify the members of senior management who are not executive directors and indicate the total remuneration paid them in the year:

1,877 thousand euros

Name	Position(s)
Iñaki Arechabaleta Torróntegui	Director General of Business
Ana Delgado Galán	Director General ABC
Rafael Martínez De Vega	Director General of CM Vocento
Joaquín Valencia Von Korff	CFO
Enrique Marzal López	Director of Internal Audit
Íñigo Argaya Amigo	Director General of HR and Organisation

Fernando Gil Lopez	Director General of Operations and Quality
Cristina Martín Conejero	Director General of Digital Strategy and Classifieds
Oscar Campillo	Director of Communication

Total remuneration for senior management (thousand euros)	1,877

C.1.17 State the identity of any members of the board who are also members of the board of directors of companies who are significant shareholders and/or in group entities.

Not applicable

Detail any relevant relationships apart from those in the previous item, between members of the board and significant shareholders and/or group entities:

Not applicable

C.1.18 Indicate if there have been any modification to the rules of the board in the year:

Yes

Description of Modifications
On 14 November 2016, the Board unanimously agreed to modify the Rules for the Board of Directors to clarify that the Chairs of the various committees must issue a report to the Board of Directors about the issues discussed in their meetings, orally during the Board meeting immediately following the meeting of the Committee, as has been the practice for years.

C.1.19 State the procedures for appointment, re-election, evaluation and removal of the directors. Detail the competent bodies, the procedures to be followed, and the criteria used in each procedure.

In accordance with Article 16 of the company bylaws, the designation of the directors corresponds to the AGM, the mandate will last for four years, and they may be re-elected one or more times.

According to Article 24 of the rules of procedure for the board, the directors will leave their position after the expiry of the period for which they were appointed, applying Article 145 of the rules of the mercantile registry, and when the shareholder meeting decides this in the use of the attributions it has been awarded.

Persons appointed as directors will have to meet the conditions demanded by law, by the bylaws or the Rules for the Board.

The regulation of these procedures is found, in addition to the legislation, also in Article 16 of the company bylaws which establish the composition of the board of directors and the duration of the role, and in Articles 10, 11, 22, 23 and 24 and of the procedures of the board of directors, which establish the qualitative and quantitative composition of the board, and the procedures for appointment and re-election, and the duration and dismissal of directors.

C.1.20 Indicate if the annual assessment of the Board of directors has led to major changes in its internal organisation and the procedures applicable in its activity:

The assessment of the Board determined the need to increase the number of independent directors, with three new directors joining the Board in 2016 in this category, leading to major changes in the internal organisation.

C.1.20.bis Describe the process of assessment and the areas assessed that the Board has carried out with the support if applicable of an external consultant, covering the diversity of its membership and competencies, the functioning and membership of its committees, the performance of the Chairman and the chief executive and the performance of each director.

At the beginning of 2016, a process began of assessing the functioning of the Board in 2015, including the diversity of its membership, its competencies, the functioning and membership of the committees, the performance of the Chair and of the chief executive officer and the performance and contribution of each director. The result of this assessment was presented to the Board and reflected in the minutes. The Board, following a report from the Appointments and Remuneration Committee, decided not to hire an external consultant to support it in this process.

In February 2017, the Board began a process of assessing its functioning in 2016, supported by the external consultant Egon Zehnder, covering the following areas: (i) Structure and Membership of Board and Committees: (ii) Functioning of the Board: structure of meetings, information flows, dynamics of meetings, Secretary General of the Board, Internal Relations, work as a team; (iii) Responsibilities – contribution of the Board (general), approval of strategy and targets, monitoring and control of management, development and monitoring of management team; (v) Committees of the Board: Executive Committee, Appointments and Remuneration Committee, Audit and Compliance Committee. Egon Zehnder carried out personal interviews with all Vocento directors, who also filled in a specific questionnaire for each item. The result of the assessment was presented to the Board and set down in the minutes.

C.1.20.ter. State any business relations that the consultancy or any of its group companies maintains with the Company or any group company.

Not applicable

C.1.21 State the circumstances in which directors are obliged to resign.

Article 24 of the Rules for the Procedure of the Board covers the circumstances in which a director must resign.

Mainly, directors must leave their position when the mandate for which they were nominated expires, upon application of Article 145 of the Rules of the Mercantile Registry and when the General Shareholder Meeting so decides in the use of the powers delegated to it.

In addition, a director must inform the board and resign in those cases which could damage the standing and reputation of the company, and in particular:

a) when the reasons for their appointment disappear, when there is a circumstance in which the entity or business group represented by a director no longer have a significant shareholding in the share capital of the company or reduces its holding to a level that requires the reduction of the number of its nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the rules.

b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established.

c) when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.23 Are there greater majorities required for any sort of decision except for those in legislation?

No

If applicable, describe the differences.

Not applicable

C.1.24 Indicate if there are specific requirements, different from those concerning directors, for appointments to the position of Chairman of the Board.

No

C.1.25 Indicate if the Chairman has a casting vote:

Yes

Areas where there is a casting vote
All

C.1.26 State whether the Bylaws or Rules for the Board establish an age limit on directors:

Chairman age limit	CEO age limit	Director age limit
No	No	No

C.1.27 State whether the Bylaws or Rules for the Board establish limits on the mandate for independent directors, which are different to those established in legislation:

No

C.1.28 State whether there are specific rules in the bylaws or Rules for the Board for the delegation of votes in the Board of Directors, describe these procedures and in particular the maximum number of delegations that a director can award, and whether it is obligatory to delegate votes only to directors of the same class. If applicable, briefly detail these rules.

In accordance with Article 17 of the company bylaws the directors may only be represented in the board by another member of the Board. The representation must be awarded in writing to the Chairman of the Board, and must be specific for each meeting.

Article 21.1 of the Rules of the Board establishes that when representation of directors is indispensable, it must be awarded to another member of the board in writing to the Chairman, with instructions and of a specific nature for each meeting.

There are no limitations as to the categories where delegation is possible, beyond the limitations laid down in the law.

C.1.29 State the number of meetings of the Board of Directors in the year. Indicate any times

that the board has met without the presence of the Chairman. Include as attendances any delegations established with specific instructions.

Number of Board meetings	8
Number of Board meetings without the Chairman	0

If the Chairman is also an executive director, indicate the number of meetings held without the presence or representation of any executive director and under the chair of the coordinating director.

Number of meetings	-

State the number of meetings held in the year by the various committees of the Board

Number of meetings of the Executive Committee	5
Number of meetings of the Audit and Compliance Committee	6
Number of meetings of the Appointments and Remuneration Committee	6

C.1.30 State the number of meetings held by the Board of Directors in the year without the full attendance of all members, including as attendances any proxies established with specific instructions.

Number of meetings with all directors present	8
as a % of total votes in the period	100

C.1.31 State if the annual individual and consolidated accounts that are presented for approval of the board are previously certified:

No

Identify, if applicable, the person(s) who have certified the individual and consolidated annual accounts of the company, for their formulation by the board:

Not applicable

C.1.32 Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated accounts drawn up by it from being presented in the General Shareholder Meeting with qualifications in the audit report.

Yes

Article 18 of the Rules for the Board establish the functions of the Audit and Compliance Committee and specify that it is the task of the Committee to assist the Board of Directors in supervising the effectiveness of the company's internal controls and in the preparation and presentation of financial information, so that it complies with all regulations for both the company and the group. Likewise it must inform the board about the financial information that, as a listed company, the company must publish regularly.

C.1.33 Is the Secretary of the Board also a director?

No

If the Secretary is not a director, complete the following table:

Name or company name of director	Representative
Carlos Pazos Campos	-

C.1.35 State, if applicable any mechanisms established by the company to preserve the independence of the external auditor, of financial analysts, of investment banks and of rating agencies.

The Audit and Compliance Committee has among its functions that of ensuring the independence of the external auditors, and to this end it is obliged to:

i) Make sure that the company informs the CNMV as a relevant fact of any change to the auditor, accompanied by a declaration about any eventual disagreements with the outgoing auditor and the substance of any disagreement.

ii) Ensure that the company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the Independence of auditors. An annual report must be received from the external auditor confirming in writing their independence from the company and any company or entity linked directly or indirectly to it, as well as information on the additional services of any kind provided to these entities by the external auditor or people or entities related to the auditor in accordance with the legislation in force.

iii) Each year publish a report, prior to the report from the account auditors, in which it gives the Committee's opinion of the independence of the external auditor and the additional services apart from auditing provided, referred to in point ii).

iv) In the event of the resignation of the external auditor, examine the circumstances which have led to this.

No specific mechanisms have been established to preserve the independence of financial analysts, investment banks and rating agencies.

C.1.36 State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

No

State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

Not applicable

C.1.37 State whether the audit firm carries out other work for the company and/or group apart from auditing, and if so declare the amount of fees and the percentage of these as a proportion of the fees billed to the company and/or group.

Yes

	Company	Group	Total
Amount received for non-audit work (thousand euros)	2	18	20

Amount for non-audit work as a % of total billings from the audit firm	0.79	3.23	3.6

C.1.38 State whether the Auditors Report on the Annual Accounts of the previous year has reservations or qualifications. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

No

C.1.39 State the number of years that the current audit firm has without interruption audited the annual accounts of the company and/or group. Also indicate the percentage which this number of years audited by the firm is of the total number of years in which annual accounts have been audited:

	Company	Group
Number of consecutive years	2	2
Number of years audited by the current firm/ number of years that the firm has been audited (%)	7.41%	7.41%

C.1.40 State and detail if there is a procedure by which Directors may use external advice

Yes

Detail of the procedure
In accordance with Articles 26.3 and 27 of the Rules for the Board of Directors, so that they can be supported in carrying out their functions, external directors may agree as a majority to hire at Vocento's expense legal, accounting, financial and other expert advice. This must be in connection with specific problems of a certain kind that are encountered in their work as director. The decision to hire these services must be informed to the Chairman and may be vetoed by the Board of Directors if a) it is no considered necessary for the performance of the functions of external Directors, b) the expense is not reasonable given the importance of the problem, c) the technical advice needed can be provided adequately by the Company's own experts and technicians, or d) it may result in risks to the confidentiality of the information that is to be handled.

C.1.41 Indicate and detail if there is a procedure by which Directors can have the information necessary for preparing the meetings of administrative bodies with sufficient time:

Yes

Detail of the procedure

In accordance with Articles 20 and 26 of the Rules for the Board of Directors, duly summarised and prepared information will be presented to the Board if enough notice is given before a Board meeting. When the Chairman believes this unadvisable for reasons of security, the information will not be sent and directors will be advised that they may examine it at the company headquarters. In addition, as indicated above, in order to be supported in carrying out their functions, external directors may agree by majority to hire the services of legal, accounting, financial and other experts at the Company's expense.

C.1.42 State and detail if the company has established rules which oblige directors to report on and resign in cases where the credit or reputation of the company could be damaged:

Yes

Explain the rules
According to Article 24 of the Rules for the Procedure of the Board, directors must inform the board and resign in those cases which could damage the standing and reputation of the company, either for being prosecuted for those crimes established by Article 213 of the Law on Corporations or: a) when the reasons for their appointment disappear, i.e. when there is a circumstance in which the entity or business group represented by a director no longer has a significant shareholding in the share capital of Vocento or reduces its holding to a level that requires the reduction of the number of its nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the Rules; b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established; and c)when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.43 State if a member of the Board of Directors has informed the company if he has been tried or a trial will start against him for any of the crimes indicated in article 213 of the Law on Corporations:

No

State if the Board of Directors has analysed the case. If so, explain the reasoning for the decision made about the appropriateness of the director continuing or not in the position, or if applicable detail the steps taken by the Board of Directors by the date of publication of this report or the steps planned.

Not applicable

C.1.44 Detail any significant agreements that the company has reached that enter into force, are modified or are terminated in the event of a change in control of the company following a public takeover offer, and the effects of these agreements.

The long-term syndicated financing agreement signed on 21 February 2014 awarded to the Company a maximum amount of €175,274,507, from nine financial institutions with Banco Bilbao Vizcaya Argentaria, S.A. acting as the lead bank, contains a clause as a result of which in the event of a change of control at Vocento S.A. cancels the financing completely, in which case Vocento S.A. would have to pay back the full amounts due under the financing agreement. A change of control is understood as taking place when any individual or legal entity (including any current shareholder of Vocento S.A.) acting on an individual or concerted basis, acquires directly or indirectly more than 50% of the share capital or voting rights of Vocento, S.A., the right to appoint or replace more than half the members of the Board of Vocento, S.A. or the control of Vocento, S.A. according to the terms of Article 42 of the Commercial Code.

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C.1.45 Identify on an aggregate basis and detail the agreements between the company and directors, managers or employees that provide for compensation payments, protection clauses or guarantees in the event of their resignation or unfair dismissal or if the contractual relationship changes following a public takeover bid or other operation.

Number of beneficiaries	8 (EIGHT)
Type of beneficiaries	CEO, Senior Management and other managers
Description of the agreement	**CEO** The Chief Executive Officer has in his contract the right to compensation of two times the amount received in the previous 12 months if the labour relationship is terminated by Vocento with no justified reason. **Senior Management** Some members of Senior Management have a clause in their contracts that includes compensation for unfair dismissal, with an amount that varies from that established in law to 2 years of fixed annual salary plus the variable compensation of the last 12 months. **Other Management** On an exceptional basis, the contracts of managers at lower levels also include, in some cases, clauses of this nature, establishing 1 gross year's salary of compensation

State if these contracts must be informed to and/or approved by company or group bodies:

	Board of directors	Shareholder Meeting
Body authorising the clauses	Yes	No

Is the Shareholder Meeting informed about the clauses?	No

C.2. Committees of the Board of Directors

C.2.1. Detail all the committees of the Board of Directors and their members and the proportion of executive, nominee, external and independent directors on them:

EXECUTIVE COMMITTEE

Name	Position	Type
Santiago Bergareche Busquet	Chairman	Nominee
Luis Enriquez Nistal	Member	Executive
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Urquijo y Fernández de Araoz	Member	Independent
Onchena, S.L.	Member	Nominee
Mezouna, S.L.	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	1	14.3%
Nominee directors	4	57.1%
Independent directors	2	28.6%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: To act as the delegated body of the Board of Directors

Procedures and rules for organisation and functioning: contained in Article 17 of the Rules for the Board, in particular:

- The Committee will be composed of a minimum of five and a maximum of eight directors, and will be chaired by the Chairman of the Board. The Secretary of the Board will serve as Secretary of the Committee and if the Board has a deputy secretary this person will also have that role at the Committee.
- The Board of Directors will ensure that the size and composition of the Committee is efficient and that the participation of the various categories of director is similar to the composition of the Board
- The Executive Committee will meet whenever called by its Chairman.
- The Board will always be made aware of the matters discussed and the decisions taken by the Executive Committee; the chairman will present the corresponding report to the Board meeting. All members of the Board will receive at the end of the year a copy of the minutes of the meetings of the Executive Committee

Most important actions in the year: The Executive Committee met 5times in 2016 to support the CEO, exercise the supervisory function delegated by the Board and review financial information in the months when the Board did not meet.

Indicate if the membership of the executive committee reflects the participation in the Board of the different types of director:

Yes

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
Miguel Antoñanzas Alvear	Chairman	Independent
Fernando de Yarza López-Madrazo	Member	Independent
Carlos Delclaux Zulueta	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	0	0%
Nominee directors	2	40%
Independent directors	3	60%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

<u>Functions</u>: In general those allocated by Article 529 point 14 of the LSC and the Code of Good Governance for Listed Companies, as reflected in Article 18 of the Rules for the Board.

<u>Procedures and rules for organisation and functioning</u>: contained in Article 18 of the Rules for the Board, in particular:

- The Committee will consist of a minimum of three and a maximum of five external directors appointed by the Board. At least two of them will be independent and all of them and in particular the Chair will be appointed based on their experience and understanding in accounting, auditing, risk management or several of these areas. The Chair will be appointed by the Board from the independent directors and must be substituted every four years, and can be re-elected one time one year after leaving the position. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of this Committee will resign as soon as they resign as directors of the Board.
- The Audit and Compliance Committee will meet whenever the Board or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted. In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators. Any executive director or member of the management team or company employee required to will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have. The Committee may require them to appear without the presence of another manager. The Committee can also require the attendance of the account auditors at its meetings.
- Minutes will be taken of all meetings of the Audit and Compliance Committee. All members of the Board will receive a copy of the minutes of the meetings of the Audit and Compliance Committee.

<u>Most important actions in the year</u>: The Audit and Compliance Committee met 6 times in 2016, and its main actions included: (i) monitoring the functioning of the SCIIF, (ii) reviewing the work of the external auditors, (iii) monitoring the internal audit plan, (iv) analysing the main tax risks at the Group, (v) reviewing financial information and other reports to the market, (vi) reviewing the independence of the external auditors, (vii) monitoring the Crime Prevention Plan, (viii) monitoring the management of business risks, (ix) approving the Code of Good Tax Practices, and (x) reviewing the Policy for Shareholder Relations and Communications.

Identify the director of the Audit Committee who has been appointed Chair as a result of their understanding and experience in accounting, auditing or both, and state the number of years that person has been Chair:

Name of experienced Director	Gonzalo Soto Aguirre.
Number of years as Chairman	2

<u>APPOINTMENTS AND REMUNERATION COMMITTEE</u>

Name	Position	Type
Fernando Azaola Arteche	Chairman	Independent
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Mezouna, S.L.	Member	Nominee

	Number	Percent
Executive directors	0	0%
Nominee directors	2	50%
Independent directors	2	50%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general terms those allocated by Article 529 point 15 of the LSC and Code of Good Governance for Listed Companies, and as reflected in Article 19 of the Rules for the Board of Directors.
Procedures and rules for organisation and functioning: contained in Article 19 of the Rules for the Board, in particular:

- The Committee will comprise of a minimum of three and a maximum of five external directors, appointed by the Board of Directors based on their understanding, skills and experience for these functions. At least two will be independent directors. The Chair must be an independent director and will be appointed by the independent directors of the Board. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of this Committee will resign as soon as they resign as directors of the Board.
- The Appointments and Remuneration Committee must consult the Chairman and CEO, especially in matters concerning the executive directors and Senior Management.
- Any Company director may request the Appointment and Remuneration Committee to take into consideration potential candidates that they believe suitable for covering director vacancies.
- The Committee will meet each time that the Board or the Chair request a report or proposals covered by its competencies and whenever the Chairman, or two members of the Board call it or whenever a report is needed for the Board to come to the corresponding agreements. The Committee will meet in any event to review information that is within its competencies and which will be included in regular public information that will be sent to the markets and the regulator, and to prepare the information about the remuneration of directors, which the Board must approve and include within its annual public documentation. Any executive director or member of the management team or company employee required to will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have.
- The Board will always be made aware of the issues discussed and the decisions taken by the Appointments and Remuneration Committee, with the chairman of the Committee required to present a corresponding report to the meetings of the Board. All members of the Board will receive a copy of the minutes of the meetings of the Appointments and Remuneration Committee.

Most important actions in the year: The Appointments and Remuneration Committee met 6 times in 2016, and

its main actions included: (i) the review of the compensation system for the Directors and Chairman, (ii) the review of the fixed and variable compensation of the CEO and senior management, (iii) the preparation and monitoring of long-term incentive plans, (iv) reports about appointments to Committees of the Board and changes in the representatives of Directors, (v) analysis of the membership of Board committees, and (vi) the approval of annual reports in its area of competence.

C.2.2. Complete the following table with information about the number of female directors who have been members of the Board of Directors at the end of the last four years:

	Number of female directos			
	2016 Number - %	**2015 Number - %**	**2014 Number - %**	**2013 Number - %**
Executive Committee	1 (14.29%)	1 (16.67%)	1 (14.28%)	1 (14.28%)
Audit and Compliance Committee	1 (20%)	1 (25%)	1 (25%)	1 (25%)
Appointments and Remuneration Committee	0 (0%)	0 (0%)	0 (0%)	0 (0%)

C.2.5. State, if applicable, the existence of any regulations for the board committees, the place where these can be consulted and the modifications made in the year. Also indicate if on a voluntary basis any annual report has been made of the activities of each committee.

The regulations for the committees can be found in the Rules for the Board, which is available on the group website, in the Shareholders and Investors section, at:

http://www.vocento.com/accionistas-e-inversores/2016/01/10/reglamento-del-consejo-de-administracion-4.html

In 2016, there was a modification to the Rules for the Board of Directors, with the purpose of clarifying that the Chairmen of the various Committees must issue a report to the Board of Directors about the matters discussed at each and every one of the meetings of the corresponding Committee, orally during the meeting of the Board immediately following the meeting of the Committee, as has been the practice for years.

D.- TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

D.1. Explain the procedure for approving transactions with related parties and intra-group transactions.

Procedure for approving transactions with related parties
The Board in full will reserve the right to authorize transactions between Vocento and directors, significant shareholders or those represented at the Board, and people linked to them, except when these transactions meet the following three conditions simultaneously: i) they are carried out under standard contracts; i) they are carried out prices or rates that are established in general terms by the supplier of the good or service in question; and iii) that the amount does not exceed 1% of the annual revenues of the company.

D.2. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and significant shareholders:

No significant transaction

D.3. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and company directors or managers.

No significant transaction

D.4. Detail any significant transaction between the company and other group entities, whenever these are not eliminated in the consolidated financial statements and do not form part of the normal business of the company's business.

No significant transaction

Detail any intra-group transaction made with entities established in countries or territories that are considered to be tax havens:

None

D.5. Indicate the amount of transactions made with related parties.

45,048 thousand euros.

D.6. Detail the mechanisms, for detecting, determining and resolving possible conflicts of interest with the company and/or group, and directors, management or significant shareholders.

In accordance with Article 5.3 of the Internal Code of Conduct, those persons subject to the Code must avoid as much as possible any situation which could lead or potentially lead to a conflict of interest. Whenever there is a situation which represents or potentially could represent a conflict of interest, the person submitted to the code must immediately inform the Corporate Compliance Unit (UCC), in writing to the Chair, making available as much information as they request to evaluate the circumstances of the case. Any person aware of a person with a conflict of interest must also inform the UCC about the situation. If the UCC sees a conflict of interest it will transfer the case to the Audit and Compliance Committee to make the appropriate decisions. Any uncertainty about the possible existence of a conflict of interest must be notified to the Audit and Compliance Committee, which will be consider the case and report to the Board of Directors about any decision, informing the UCC. The UCC will advise the persons or people involved in the situation about the conflict of interests and about the decisions made concerning this conflict. The person who is subject to the Code and affected by a situation of conflict of interest will abstain from intervening or influencing, directly or indirectly, the transaction, decision or situation where there is a conflict. In the event of a conflict of interest, and as a general rule derived from the duty of loyalty to the Company, the interest of Vocento will prevail over that of the person subject to the Code and involved in the conflict.

D.7. Is more than one company of the Group listed in Spain?

No

Identify any subsidiaries listed in Spain:

Not applicable

State if there has been a public definition of their respective areas of business and of any business relations between them, and between the listed subsidiary and other group companies:

Not applicable

Identify the mechanisms to be used to resolve any conflicts of interest between the listed subsidiary and other group companies:

Not applicable

E.- RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the scope of the company's risk management system, including tax risks.

Vocento has long established and approved a risk management system (**SGR**), driven by the Board of Directors and Senior Management, with the aim of understanding and controlling the risks to which the Company is exposed, obtaining an overall view of these risks, and aligning business objectives with the risks identified and with the response measures and controls defined to minimize these risks.

In 2014, the system was subject to an extensive review process supported by an external consultant, and this resulted in the approval by the Board of Directors on 13 November 2014 of a new Risk Management Policy for Vocento and group companies. This was implemented in the following years.

Vocento's risk management system is based on methodological frameworks including COSO II (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000, adapted to the specific requirements of the Group. Furthermore, the definition of responsibilities reflects the recommendations of the 'three lines of defence model of FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

This system works in an integrated way across various business and functional areas of the company, including business areas and supporting areas. The policy for controlling and managing risks is based on identifying and assessing the different types of risk that the company faces (a risks map), separating them by relevance, and then determining measures to mitigate the impact of these risks, if they should materialise, and the information and internal control systems used to manage risks at the individual and group level.

E.2. Identify the company bodies responsible for preparing and implementing the Risk Management System.

As risk management is integrated throughout the company, there are various bodies with responsibilities for preparing and implementing the risk management system. The functions and responsibilities of each are established in the Risk Management Policy mentioned previously.

a) Board of Directors / Audit and Compliance Committee:

In accordance with the terms of the Rules for the Board of Directors of Vocento, the board is responsible for approving risk control policies and management and for regularly monitoring internal information and control systems. As a result, it is the ultimate responsible party for the Group's Risk Management.

The Audit and Compliance Committee is responsible for supervising the effectiveness of risk control systems and regularly reviewing internal control and risk management systems, so that the main risks are sufficiently identified, understood and managed.

b) Risks Committee

The Risks Committee is a permanent body with a consultative role in the high level risk management area, with powers to inform, coordinate and make proposals, reporting to the Audit and Compliance Committee. It comprises of all the members of the Executive Committee, and it meets on at least a quarterly basis.

The functions of the committee include: (i) to drive forward the understanding of the Group's risk management policy and the maintenance of a risk-focused culture; (ii) to drive the integration of risks management in all the organisation's processes and procedures; (iii) to provide the Executive Committee, the Audit and Compliance Committee and the Board with overall strategies for risk management and risk appetite for each type of risk; (iv) to ensure the correct updating of the Risks Map; and (v) to validate the risks identified as those to be managed and propose risks for preferential monitoring.

c) Corporate Risks Management Function

The function of Corporate Risks Management is exercised by the financial department and includes coordinating and grouping the processes for identifying, assessing and measuring risks, and the controls and procedures needed to mitigate them, as well as supervising and coordinating front line work, Risk Managers in each unit or business or corporate area, centralizing and managing the information about key risks that they provide. It is responsible for preparing regular risk reports, which are reviewed by the Risks Committee and the Audit and Compliance Committee.

d) Risk Managers

The risk management system involves the entire organization, with the Management Team responsible for its formalization, functioning and updating. However, for each key risk at least one risk manager has been identified, who among other tasks monitors the evolution of the risks that are their responsibility and proposes the most appropriate management strategy, as well as the responses and improvements needed to be implemented to cover any weaknesses of the system. They also provide information to the Corporate Risk Manager.

e) Internal Audit

Supports the Audit and Compliance Committee in the functioning and effectiveness of risk management processes and their assessment, and also evaluates risk management processes including the supervision of controls and procedures. Internal Audit collaborates and provides support and methodology in assessing risks, but is not responsible for evaluating them or for making decisions about the level of exposure to risks.

E.3. Indicate the main risks that could compromise the achievement of business targets, including tax risks.

Vocento defines as a risk any event or contingency, either internal or external, which if it materialized would prevent or make it hard to achieve the targets set by the Group. In 2014, the risk management system was reviewed, and the Vocento Risks Map, which the main risks subject to special monitoring. In 2016 these were not altered. Listed below are the main risks in each of the six risk areas identified.

Strategic: Including mainly falls in advertising sales and circulation revenues, as well as actions from competitors.

Organisational: given the economic situation, includes the lack of ability to pursue growth and digital transformation, and talent retention.

Operational: these risks include not being able to reach tangible levels of quality in products or their distribution.

Compliance: principally covers compliance with internal and external norms and the risks of non-compliance, especially in terms of tax at the Group and a possible different interpretation of the rules by competent tax authorities, or those compliance risks derived from publishing and regulated sectors, with the risk of lawsuits and a loss of assets as detailed in the consolidated annual report of the Group.

Financial: including impacts in raising funds, such as access to financing, and delays and defaults in payments. Specifically, the sale of content and advertising is affected when consumption falls in a recession, while the existence of debt, although less than at competitors and with syndicated financing in place, requires some cash flows from operations to be used to meet payment obligations rather than be allocated to new investments or projects.

Technological: in particular IT security, as in addition to the risk of attacks on systems there is the risk of technological change requiring the media in general to invest in these areas.

E.4. State if the entity has a level of tolerance to risk, including tax risk.

The process of risk management is based on the identification and assessment of the main risks that could prevent Vocento from reaching its goals, and aims to reduce or mitigate these risks to an acceptable level, by establishing the appropriate controls for the importance of each risk, in every process, hence enabling the objectives of internal control to be achieved. Risk appetite and tolerance do not aim to eliminate risk but to control it efficiently, enabling the Group to implement strategies and reach its business objectives.

Risk tolerance is defined as the level of variation that the Group accepts in achieving its targets. It is the acceptable threshold for the target and the associated risk.

According to Vocento's Risk Management Policy, and in order to make risk management strategies and activities in line with Vocento's risk appetite, the acceptable level of tolerance is established by Senior Management, reflecting the Group's interests and objectives, and those of its various key stakeholders. The Board of Directors regularly approves the proposals of the Risks Committee about the risk limits and tolerances to be applied by the Group.

E.5. Indicate which risks, including tax risks, materialized in the year.

<u>Fall of offline advertising revenues / obsolescence of offline products</u>

This risk is a result of the economic crisis, the fall in advertising spend and consumption, and the migration of readers towards online formats. In addition to the strategic measures taken by the company to mitigate this risk, the information and internal control systems that have been established have worked correctly, effectively mitigating the impact of these risks.

<u>Late payments - default</u>

This risk reflects the increase in payment delays from both private sector clients and public administration and local institutions. It has been judged that the internal control and information systems established have functioned correctly (guarantees for payment, credit limits, etc.), effectively mitigating the impact of these risks.

E.6. Explain the plans for responding to and monitoring the main risks of the entity, including tax risks.

Risk control activities represent the response of the organisation to the coverage or mitigation of the risks that have been identified and assessed, enabling internal control objectives to be achieved. They occur across the organisation, at all levels and in all functions, and include a range of varying activities, such as approvals, authorisations, verifications, and segregation of functions, which are carried out systematically in time and which are documented in the internal norms, procedures and instructions that must be complied with.

In Vocento's risk management system, each one of the Risk Managers is responsible for identifying existing management measures and for proposing the right management strategy, as well as the responses and improvements needed to make up for any weaknesses in the system. The supervising body of the system is the Audit and Compliance Committee, which regularly reviews the internal control and risk management systems, so that the main risks are appropriately identified, managed and understood.

F.- <u>INTERNAL SYSTEMS FOR CONTROL AND MANAGEMENT OF RISKS IN THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (SCIIF)</u>

Describe the mechanisms of the systems for risk control and management, in relation to the entity's procedure for issuing financial information (SCIIF).

F.1. The control environment of the entity

Indicate and describe the main characteristics of at least:

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii); its supervision.

Governance bodies and functions responsible for the SCIIF.

1. Rules for the Board of Directors

On 13 May 2015 the Board of Directors approved a new version of the Rules for the Board, to bring it in line with the terms of the Law on Corporations. The latest version, partly modified by the Board of Directors on 14 November 2016, can be found on the Vocento website.

The Board of Directors formally assumes in its Rules the final responsibility for the existence and maintenance of an adequate internal control system for financial information, including responsibility for its supervision.

Article 6 of the Rules for the Board of Directors of Vocento refers to the general oversight function, and establishes the following functions of the Board which cannot be delegated:

- The formulation of the annual accounts and their presentation to the shareholder meeting.
- The policy for risk control and management and the regular monitoring of internal information and control systems.
- The financial information that the company must publish regularly as a listed company.

Article 8 of the Rules for the Board refers to the specific functions concerning the Annual Accounts and Management Report:

- The Board of Directors will prepare in clear and precise terms that are easy to understand the annual accounts and management report, both individual and consolidated. The Board of Directors will ensure that these present a fair view of the equity, financial situation and results of the company, in accordance with the law.
- The Board of Directors will present the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Article 18 of the Rules for the Board of Directors establishes that the Audit and Compliance Committee has the following responsibilities, among others:

- Supervising the effectiveness of the internal controls of the company, of the internal audit services and systems for controlling risks, including tax risks, and discussing with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the process of preparing and presenting the financial information required.
- Informing the Board in advance of all issues covered in the Law, Bylaws and Rules of the Board, in particular about:

a) The financial information that the company, as a listed company, must regularly publish.

b) It is also the responsibility of the Audit and Compliance Committee

- To monitor the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- To ensure the Independence of the internal audit function

- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.
- Ensure the independence of the external auditor and in the event of their resignation examining the conditions that led to it.

Article 41 of the Rules for the Board refer to the relationship with securities markets and establishes the responsibilities of the Board in the supervision of the regular public information to be supplied to markets and regulators, in compliance with the Internal Rules of Conduct in Securities Markets at Vocento.

The Board of Directors will adopt the measures needed to ensure that six-monthly, quarterly and any other financial information that it is appropriate to provide to the markets is prepared in accordance with the same principles, criteria and professional practices that are used for the annual accounts, and that they have the same accuracy as these. To this end, the information will be reviewed by the Audit and Compliance Committee and by the Appointments and Remuneration Committee in accordance with their respective competencies.

2. Internal norms

The internal norms on the Internal Control System for Financial Information (hereinafter, the SCIIF), approved by the CEO and corporate financial managers and disclosed to the organisation, establish the following responsibilities:

a) The Board of Directors holds the final responsibility for the accuracy of the financial information required and published for the market and regulators, and is responsible for the existence of an adequate and effective SCIIF

b) Senior Management, via the financial department, is responsible for the design, establishment and operation of this system.

c) The Director Generals of the companies have the final responsibility for the internal control over financial information in each company and for making sure that this functions properly, as well as monitoring its efficacy and the accuracy of the financial information that is prepared and reported.

d) The Audit and Compliance Committee has delegated to it by the Board of Directors the function of supervising the process of preparing and presenting the financial information and assessing the SCIIF, supported by the internal audit services.

F.1.2.: If there are the following elements, especially in the process of preparing financial information:

- **Departments and/or mechanisms charged with: (i) the design and review of the organisational structure; (ii) defining clearly lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) sufficient procedures for their correct application in the entity.**

The responsibility for the process of preparing and monitoring the internal norms at Vocento is delegated to the General Management of Human Resources and Organisation, whose functions include that of maintaining the norms and organisation, coordinating the documentation of the processes and controls, and preparing and publishing the norms, procedures and instructions prepared by management. Compliance with these is obligatory in Vocento. These standards include norms for the preparation of financial information.

The design, review and updating of the organisational structure is permanently documented in the Vocento Organisational Handbook, approved by the CEO, available to all members on the corporate intranet. This handbook established the lines of responsibility and authority of the various management departments and levels and the distribution of tasks.

- **Code of conduct, approving body, level of awareness, principles and securities covered (indicating if there is a specific mention for recording transactions and preparing financial information), and the body responsible for analysing non-compliance and proposing corrective and disciplinary measures.**

On 14 January 2014 the Board of Directors unanimously approved Vocento's Internal Rules of Conduct in Security Market, substituting the Internal Code of Conduct for Securities Market in force until that data. All people affected in the organisation were informed, and the Rules are published on the company website. They cover personal transactions, inside information, transactions with related parties and treasury stock. The Corporate Compliance Unit, which reports to the Audit and Compliance Committee, regularly updates and monitors compliance with the terms of the Rules.

In addition, on 13 November 2014 the Board of Directors of Vocento approved a Code of Ethics that reflects the practices that Vocento applies and the principles, values and behaviour expected of managers and employees when carrying out their functions.

The Code includes the practices that Vocento follows, and reflects the company's commitment to legality, good governance, transparency, responsibility, independence, and good behaviour in all actions, and to avoid any action that could damage the company's reputation for upholding socially accepting ethical standards.

There are in the Code specific mentions regarding recording transactions and preparing financial information, so that all transactions must be recorded in accounts at the right time, in accordance with the applicable accounting law, so that financial information is reliable and reflects all the rights and obligations of Vocento and its companies.

The Code of Ethics has been distributed to all employees at Vocento and its subsidiaries, by email, and has been formally signed by the parties, with their receipt and acceptance of it registered.

The Code is available to the public on the Vocento web site, www.vocento.com, in the Corporate Governance section.

A training plan was developed for all employees for all employees, segmented by category and area. The training plan has been provided to senior management and other group managers.

The body responsible for analysing non-compliance with the Code of Ethics and for taking any corrective action required is the Ethics Committee, which reports to the Audit and Compliance Committee.

- **Reporting channel, enabling employees to inform the Audit Committee of financial and accounting irregularities, in addition to any non-compliance with the code of conduct and irregular activities at the organisation, and whether this channel is confidential.**

In 2014, Vocento established a specific communications procedure, the Ethics Channel, by which anyone can report behaviour which is inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, including any financial or accounting irregularities.

The Ethics Channel consists of a specific email address and a postal address. Communications received by this channel will be treated confidentially, and measures have been implemented to guarantee this confidentiality at all times.

To ensure the accuracy of the information received, complaints will only be accepted when the person sending them identifies themselves. All complaints will be analysed and assessed by the Ethics Committee, which has supervisory powers and which will propose any actions to be taken to the Audit and Compliance Committee, the final authority.

- **Regular training and updating programmes for people involved in the preparation and review of financial information and in assessing the SCIIF, covering at least accounting standards, internal controls and risk management.**

In the year, training and regular updates were provided to personnel involved in preparing and reviewing financial information and in assessing the SCIIF, in the following subjects:

- Norms for recording fixed assets.
- Norms for recording payables.
- Valuation of companies.
- Recording Corporation Tax.
- Tax update: tax developments in Spain and the Basque Country for the 2016 tax year.

Some forty people attended the courses from Vocento departments including Financial Planning, Financial Administration, Shared Services, and all the Financial Directors of group companies.

In terms of training for people involved in the assessment of the SCIIF, course content included:

- Basics of internal control systems (COSO)
- The supervisory function of the Audit Committee
- Crimes involving financial information following the reforms of the Penal Code

The entire workforce of internal audit participated in these courses.

F.2 Assessment of risks of financial information

State at the least:

F.2.1. The main characteristics of the process for identifying risks, including errors and fraud, in particular:

- **If the process exists and is documented**

Vocento has formally implemented a risk management system for financial information based on the principles and good practices of the reference document and the supporting information of the CNMV in the document "Internal control over financial information at listed companies" and in the company's own Norm for the internal control system for financial information (**SCIIF**), which is formalised and supported by its own IT system.

- **If the process covers all the objectives of the financial information (existence and incidents; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and if it is updated, and how often.**

Objectives

The objectives of internal control of financial information, in accordance with the scope defined by the SCIIF Norm, compliance with which will ensure the accuracy of the financial information to a reasonable degree, are as follows:

- Accuracy
- Valuation
- Presentation, breakdown and comparability
- Rights and obligations

Frequency

The SCIIF Norm of Vocento establishes that the process of identifying and assessing risks is carried out every year.

This risk assessment is monitored by the Audit and Compliance Committee.

- **The existence of a process for identifying the consolidation perimeter, including, among others, the possible existence of complex company structures, instrumental entities or special vehicles.**

The risks associated with the achievement of these objectives of controlling risks are identified in the processes of preparing the financial information, in all the accounting items of the profit and loss account and the balance sheet, for all group companies, and are assessed in terms of importance, which is determined by the probability of the risk resulting in a material impact on the individual and consolidated financial statements of Vocento that are provided to the regulator and the market.

The risk assessments weigh the following indicators:

- Complexity of transactions and of the applicable accounting standards.
- Volume of transactions and the quantitative importance for the parties involved.
- Complexity of the calculations needed.
- Need to make estimates or forecasts.
- Application of professional judgement.
- Qualitative importance of the information.

In addition, the following factors have been considered when assessing the risks:

- Known and mature business/process.
- Existence of documented processes and controls.
- Automation and use of systems.
- Existence of incidents in the past.

- **If the process also covers the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) that may affect financial statements**

Scope

The result of the annual assessment of risks is the identification of the total processes and companies to which the SCIIF is applied each year.

The process also considers the effects of tax risks, inasmuch as they may affect financial information, and as a result of this assessment a series of additional controls has been processed for the tax process.

In the risks universe used, the probability of an error with a material impact due to fraud or manipulation of financial information is considered.

All the risks assessed are included in the IT system for the SCIIF, in the risk files that contain the following information:

- Process
- Name and description of risk
- Items/financial information affected
- Potential error
- Assessment of the impact on relevant financial information
- Assessment of the frequency
- Inherent risk
- Assessment of the risk indicators (see before in this section)
- Perceived Risks (high, medium, and low, and this is the basis for its inclusion in the SCIIF)
- Existing controls over the process
- Residual risk
- Need or not to establish controls within the SCIIF.

In addition, a Risks Map for each process is prepared to visualise the impact and probability of each risk in each process

Universe of risks

The risks associated with the achievement of the objectives of accurate financial information form part of the risks universe that is considered in Vocento's general risk assessment, and considers the effect on financial information of other types of risks, such as technological and tax risks.

The body of the entity that supervises the process.

The establishment and maintenance is the responsibility of the Financial Department via the Financial Planning and Control Department, supervised by the Audit and Compliance Committee, which analyses these risks and forms the base for the other components of the SCIIF. Internal Audit provides support to the Financial Planning and Control Department in the annual risk assessment process.

F.3 Control activities

Indicate, describing their main characteristics, if the company has in place at least:

F.3.1. Procedures for reviewing and authorising financial information and the description of the SCIIF, to be published for securities markets, indicating responsible parties, documentation of flows of activities and controls (including those relating to the risk of fraud) over the various types of transactions that could have a material impact on financial statements, including the procedures for closing the accounts and specifically reviewing relevant estimates, valuations and forecasts.

Procedure for reviewing and approving financial information:

The consolidated and individual financial information of Vocento uses information supplied by the various companies: the aim is that the financial information presented to the Board of Directors of Vocento for formulation of accounts have undergone the levels of review needed for those responsible for their preparation.

The responsibility for preparing financial information is of Corporate Financial Management. To achieve the fair accuracy of this information, it has a system for internal controls of financial information, or SCIIF.

At each period of publication of financial information to the securities markets, internal audit carries out tests on a sample of controls and draws conclusions about the effective coverage of risks. The Audit and Compliance Committee monitors the process and reviews the controls established to ensure that they have worked effectively, informing the Board for formulation and publication of the information.

The controls established in the SCIIF are considered key to the achievement of the internal control objectives of the system, according to the scope described above, and have been designed to prevent and mitigate the potential material impact on the consolidated and individual financial information of Vocento of the most important risks identified in the risk assessment, including the procedure for closing accounts and specifically reviewing relevant opinions, estimates, valuations and forecasts.

These controls are implemented at all stages of the process of preparing and presenting the financial information.

- Start
- Authorisation
- Recording
- Processing
- Presentation
- Communication

- Inicio
- Autorización
- Registro
- Procesamiento
- Presentación
- Comunicación

All the controls that have been implemented, including the key controls, are homogeneous across all the companies in which the SCIIF is applied. There is a responsible party designated for their execution and monitoring, and they are documented in the IT system for the SCIIF.

The control activities are carried out at various levels of the organisation and with varying frequencies in order to reduce the risks of errors, omissions or fraud that may affect the financial information in each of the reporting periods (annual, half-yearly and quarterly).

The SCIIF is supported by an IT system that supplies relevant information about the level of control and monitoring undertaken by those responsible for this, delivering enough evidence for conclusions to be made about the system's overall functioning.

The designated responsible people for the execution of the controls will report any instance in which the control has not been carried out or in which significant incidents have been detected during the execution.

The documentation required as evidence that the control has been carried out is included in the IT system for the SCIIF, so that at any time Senior Management and the Audit and Compliance Committee of Vocento have available to them updated information about the level of compliance with the controls and hence of the exposure of Vocento to the risks of reporting inaccurate financial information and the coverage of these risks.

The level of evidence required to be able to make a conclusion about the correct functioning of a control is directly proportionate to the risk of a material error in the individual and consolidated financial information of Vocento.

There are controls throughout the entire process of preparing the financial information, both at source (the companies) and in the corporate department in charge of consolidating and preparing the financial information, including the IT processes for the end users, such as spreadsheets and other specific programs for presentations.

Vocento has a centralised SCIIF and it is the responsibility of the Control and Financial Planning Department to maintain it updated, to monitor compliance with controls and update the IT application.

Internal Audit is responsible for reviewing controls for their effectiveness and for making any recommendations needed.

The SCIIF includes key controls about the recovery of certain inherently high risk assets such as deferred taxes, goodwill and securities, which require financial forecasts to be made based on estimates, hypotheses and professional opinions. In these sorts of controls, the Director Generals of the companies leave evidence of their supervision and assent in the IT application.

In addition, the Audit and Compliance Committee carries out half-yearly and annual monitoring, with the external auditors, of these valuations and impairment tests and proposes to the Board any possible adjustments to be made to the financial information.

Internal certifications of financial information

Vocento's SCIIF contains a system of certifications in which every person responsible for preparing, monitoring and reporting financial information at each company/business unit, functional area and relevant location, formally assumes their responsibility for the accuracy of the information provided to those responsible for preparing consolidated financial information and publishing it externally, with a signed, written certification every half-year and full year.

In this Certification they also state their awareness of the existence and correct operation of the SCIIF in the period. The Director Generals of the companies, the corporate Director Generals and the DGs of each area, the corporate financial department and the CEO are all required to make this certification. The certification forms and the management levels affected are described in the Norm for the SCIIF, and the evidence for the certifications is documented in the SCIIF IT system.

This system of certifications is designed to obtain a level of sufficient commitment from those responsible for preparing the financial information, in processes that do not fall under the direct responsibility of the corporate financial area, and to achieve a higher level of security about the accuracy of the financial information for those finally responsible for its formulation and approval. Notwithstanding this, the existence of this system of certifications does not exempt the Board, Senior Management and the Audit and Compliance Committee from the responsibility of supervising financial information and the SCIIF.

F.3.2. Internal control policies and procedures for information systems (including security of access, control over changes, operations, continuity and separation of functions) that support the relevant processes of the entity for preparing and publishing financial information.

In 2016, an upgrade began of the Management System for Information Security (SGSI), redefining the existing control system according to the ISO 27002, LOPD and ISO 22301 standards. This process should be completed in 2017.

Within this scope are all the ERP systems on which financial information is based and which is used directly to prepare this information.

The project also includes the review of current procedures and general controls in accordance with the generally accepted internal control framework for information systems, Cobit, which includes principles for maintaining appropriate access to systems and installations, modifications to applications, and the recovery of information in the event of losses, as well as back-up systems to ensure continuity in the process of recording transactions, in the event of any incidents in the main systems.

The internal control policies and procedures that are currently documented include a passwords policy for all applications that are involved in the process of preparing financial information, divided into two classes: applications that are integrated in the corporate Active Directory and the corporate ERP, which has its own password policy. The policy includes the expiry time of passwords, their length and the obligatory alpha-numeric requirements.

In addition, user access to each application is controlled by group. This is done centrally using functional systems and the administrators of the applications.

F.3.3. Internal control policies and procedures for supervising activities that are subcontracted to third parties, such as aspects of assessment, calculation or valuation that independent experts undertake and that can have a material impact on financial statements.

No activities are subcontracted to third parties responsible for executing and processing transactions that are reflected on the financial statements.

F.4 Information and Communication

State whether the company has available, and the main characteristics of this, at the least:

F.4.1. A specific function responsible for defining and updating accounting policies (an area or department of accounting policies) and resolving any doubts or conflicts about their

interpretation, with a fluid dialogue with those parties responsible for operations in the organisation and an up to date handbook of accounting policies that has been released to the units via which the entity operates.

Corporate Financial Management, via the Control and Financial Planning Department, is responsible for:

- Defining, establishing, updating and formally communicating via the channels that have been established, to all people involved in the process of preparing the financial information of Vocento, the Handbook of Accounting Policies, which contains the criteria, necessary accounts and procedures for entering and preparing the information on a homogeneous basis across all the companies of Vocento, It is updated annually.
- Resolving any doubts or conflicts about the handbook's interpretation, maintaining a fluid dialogue with those parties responsible for operations in each company.
- In addition, Corporate Financial Management is responsible for defining and formally establishing the channels for the financial information to be disclosed, and for the SCIIF, based on the type of information to be published, its origin, the people responsible for preparing and distributing the information, its destination and frequency.

F.4.2. Mechanisms for entering and preparing financial information in a homogeneous format, to be used by all the units of the entity or group for the main financial statements and notes, and information about the SCIIF.

Vocento uses a common IT system for all its companies (ERP) which supports the process of preparing the financial information. The companies of the group in the audiovisual production and distribution sector use their own specific ERP systems, which transfer their information over interfaces to the common ERP for the rest of the companies included in the consolidation perimeter.

In addition, there is a specific application for accounting consolidation, which is directly fed by the accounting information stored on the common ERP system. All the individual and consolidated information is reported under homogeneous formats defined by the Control and Financial Planning Department.

The entire process of obtaining accounting information for consolidation and reporting is the responsibility of the Corporate Financial Department, via the Control and Financial Planning Department and Investor Relations.

The IT application that supports the SCIIF includes a reporting module which supplies relevant information about the level of compliance and effectiveness of the controls, both by the people responsible for execution and supervision, and per accounting process and company, generating enough evidence for conclusions to be made about the overall functioning of the system.

F.5 Supervision of the functioning of the system

State, including the main characteristics, at least the following:

F.5.1. The supervisory activities of the SCIIF undertaken by the Audit Committee and if the entity has an internal audit function that has amongst its competencies that of supporting the committee in its task of supervising the internal control system, including the SCIIF. In addition, the scope of the assessment of the SCIIF carried out in the year and the procedure by which the person responsible for its assessment discloses the results, and if the entity has an action plan that details any corrective measures to be taken, and if the impact on financial information has been considered.

Supervisory model for the SCIIF

The supervisory and assessment activities of the SCIIF that have been established at Vocento are included in the Norm for the SCIIF and based on the theory of three lines of defence, established by FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

1st line of defence - Operational management: self-assessment by those in charge of carrying out the controls (executor and supervisor), confirming the correct execution of the controls or any incidents identified. Six-monthly and yearly certifications from the Director Generals, CFO and CEO.

2nd line of defence - Functions of assurance: the Planning and Control Department supervises the correct functioning of the SCIIF, assessing the compliance and supervision of controls carried out by those responsible on site, and notifying any incidents reported by executors and supervisors, as well as ensuring compliance with Certifications for every period in which financial information is published.

3rd line of defence - Internal Audit reviews the effectiveness of the controls in each period of publication of regular financial information, and carries out an annual assessment of the SCIIF based on the 5 internal control components of COSO.

The Audit and Compliance Committee is the governance body that is responsible for supervising and assessing the SCIIF and making reports about its effectiveness and the results obtained to the Board of Directors of Vocento and to Senior Management, and it has the following supervisory responsibilities for the SCIIF, in accordance with the Rules for the Board of Directors of Vocento and the legislation in force:

a) Supervision of the regulated financial information and regular public information.

b) Supervision and assessment of the functioning of the SCIIF.

There is a procedure by which the Audit and Compliance reviews, analyses and comments on the financial statements and other relevant financial information, prior to their publication, with Senior Management, internal and external auditors, to confirm that the information is reliable, clear and relevant and that accounting criteria have been followed that are consistent with the previous year and that the information supplied is complete and consistent with operations.

In particular, it supervises in specific sessions the process implemented by Senior Management to carry out critical judgements, valuations, forecasts, estimates and relevant closing entries, with a significant and/or material impact on financial statements.

For the assessment of the SCIIF, the Audit and Compliance Committee uses the services of Internal Audit, which has the necessary resources, and is devoted exclusively to this function.

The internal auditor reports to the Audit and Compliance Committee and to the CEO of Vocento, and this status and its responsibilities and functions are included in the Internal Audit Bylaws, signed by the Chairman of the Audit and Compliance Committee.

Internal Audit is responsible for assessing the overall operations and effectiveness of the SCIIF, based on the five internal control components of COSO, (i) Control Environment, (ii) Risk Assessment, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring, based on the information provided to it by the SCIIF IT system as well as any complementary substantive checks deemed necessary about the compliance and effectiveness of the controls, both in terms of the accounting process and at the company level, considering the centralization/dispersion and the uniformity of the controls, and the level of evidence needed to make conclusions about whether these controls are functioning effectively.

All the review process is carried out within the IT system itself, providing evidence about any weaknesses found in the design and operations of the controls, of recommendations made, proposed action plans and communication with those responsible for the controls.

The Audit and Compliance Committee approves the Annual Internal Audit Plan for the assessment of the SCIIF and receives regular information about the results of its work and of the action plan agreed with Management to correct any deficiencies observed.

Internal audit carries out a review of the SCIIF controls in each reporting period there is an annual SCIIF global review in accordance with the 5 components of the COSO Framework (Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring).

Internal Audit is responsible for disclosing the results of the assessment regularly to the Audit and Compliance Committee after completing its work.

Any significant and/or material weaknesses identified in the internal controls of the SCIIF are reported by the Audit and Compliance Committee to the Corporate Financial Management and to the Board of Directors for correction, with Internal Audit monitoring the corrective actions taken to quickly resolve issues, considering the materiality for the accuracy of the individual and consolidated financial information of Vocento.

F.5.2. Whether there is a procedure for discussion in which the account auditor (in accordance with the terms of the Audit Technical Notes), the internal audit function and other experts can inform senior management and the Audit Committee or directors of any significant weaknesses identified in internal controls during the processes of reviewing the annual accounts or other accounts that have been requested. In addition, whether there is an action plan to correct or mitigate any weaknesses observed.

As covered by the Norm for the SCIIF, the external auditors, in their audit of the annual accounts, assess the internal controls thoroughly to establish the nature, date and extent of the auditing procedures that may enable them to express an opinion on the annual accounts, informing the Audit and Compliance Committee of any significant weaknesses detected. The auditors supply the following information to the Audit and Compliance Committee:

- Auditor's report on Vocento's individual and consolidated Annual Accounts.
- Report of limited review of the consolidated half-yearly accounts.
- Annual memorandum of recommendations for internal control.
- Report about past adjustments and proposed adjustments to the accounts, if applicable.

In addition, in accordance with the Audit Technical Notes, the external auditor confirms that the information contained in the Management Report is in accordance with the data that have served as the basis for the annual audited accounts.

The external auditor has full unrestricted access to the Audit and Compliance Committee and can be present at meetings on request and without the presence of any financial manager to present the results of their reviews and of the information highlighted above.

The scope of the annual external audits does not only include those Vocento companies with a legal obligation to be audited but also other companies where limited audits and reviews are undertaken by the external auditors, depending on their relative importance and the risks detected.

In addition, on a voluntary basis, the consolidated six-monthly financial information is also subject to a limited review by the external auditor.

F.6 Other relevant information

Not applicable.

F.7 The report of the external auditor

State:

F.7.1. Whether the information about the SCIIF disclosed to markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Appendix. If not, state the reasons.

The Audit and Compliance Committee has not considered it necessary for there to be an additional report from the external auditor to confirm that the information disclosed to the markets about the SCIIF of Vocento is duly supported, because the Committee has obtained enough evidence over the course of the year, based on its legal responsibility to supervise the SCIIF, of its existence and proper functioning. In addition, the external auditor enjoys full access to the IT support system of the SCIIF to assist them in carrying out their auditing work.

G.- LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the level to which the company follows the recommendations of the Unified Code of good governance.

If a recommendation is not complied with, or is complied with only partly, provide a detailed explanation of the reasons, so that shareholders, investors and the market in general have sufficient information to assess the company's behaviour. General explanations will not be acceptable.

1. That the bylaws of listed companies should not limit the maximum number of votes that one single shareholder can cast, or contain other restrictions which make it hard to take control of the company by buying shares in the market.

Compliant

2. That when the parent company and a dependent company are listed, both publicly and accurately define:

a) The respective areas of business and any business relationship between them, and those of the dependent listed company with other group companies;

b) Mechanisms for resolving any conflicts of interests which could arise.

Not applicable

3. That during the ordinary shareholder meeting, as a complement to the distribution of the annual corporate governance report, the Chairman of the Board will orally inform shareholders in sufficient detail about the most relevant aspects concerning corporate governance at the company, in particular:

a) Of the changes that have taken place since the previous AGM.

b) Of the specific reasons why the Company does not follow a recommendation of the Code of Corporate Governance and of any alternative rules applied in this area.

Compliant

4. That the company defines and supports a policy for contacting and communicating with shareholders, institutional investors and proxy advisors, which is fully compliant with all laws on market abuse and on an equal treatment for shareholders in the same position.

And that the company publishes this policy on its website, including information about how it has been put into practice, identifying the representatives responsible for implementing it.

Compliant

5.That the Board does not submit to the approval of the shareholder meeting a proposal for

delegating powers for the issue of shares or convertible securities without preferential subscription rights, for an amount more than 20% of capital at the time of the delegation.

And that when the Board approves any issue of shares or convertible securities without preferential subscription rights, the company immediately publishes on its website the reports about this exclusion as referred to in commercial law.

Compliant

6. That listed companies prepare the reports cited below, either obligatorily or voluntarily, and publish them on their website with sufficient time before the date of the AGM, although this distribution may not be obligatory:

a) A report about the independence of the auditor.

b) Reports about the functioning of the audit committee and appointments and remuneration committee

c) A report from the audit committee about transactions with related parties

d) A corporate social responsibility report

Compliant

7. That the Company broadcasts live on its website the general shareholder meetings.

Compliant

8. That the Audit Committee aims to ensure that the Board of Directors presents the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications in exceptional circumstances, both the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Compliant

9. That the company publishes on its website, and permanently, the requirements and procedures that will be accepted to confirm ownership of shares, the right of attendance at the AGM and the exercise or delegation of the vote.

And that these requirement and procedures will support the attendance and exercise of their rights by shareholders and will be applied in a non-discriminatory way.

Compliant

10. That when any legitimate shareholder has exercised before the general shareholder meeting the right to complete the order of the day or present new proposals for agreement, the company:

a) Immediately publishes these complementary points and new proposals for agreement.

b) Publishes the attendance and proxy voting forms or distance voting forms with the modifications needed so that the new points or proposals can be voted, just as the proposals of the Board of Directors.

c) Submits alternative points or proposals for voting with the same voting rules as the points proposed by the Board, in particular any presumptions or deductions about each vote.

d) Following the general shareholder meeting, publishes the voting results for these complementary points and alternative proposals.

Not applicable

11. That in the event the company pays bonuses for attending the shareholder meeting, it establishes in advance a general policy about these payments and that this policy is stable/

Not applicable

12. That the Board of Directors carries out its functions with a single unified purpose and independent judgement, treating the same all shareholders in the same condition, guided by the social interest of achieving a business that is profitable and sustainable in the long term, and aims to ensure the company's continuity and maximize the value of the business.

And in the search for social interest, as well as respecting laws and regulations and behaving with good faith, ethics and respect for commonly accepted good practices and uses, it aims to reconcile this social interest with the corresponding legitimate interests of employees, suppliers, clients and other stakeholders who may be affected, as well as with the impact of the Company on society generally and on the environment.

Compliant

13. That the Board has the scale need for an effective and participatory functioning, which between five and fifteen members advisable.

Compliant

14. That the Board of Directors approves a policy for selecting directors which:

a) Is specific and verifiable.

b) Ensures that proposals for appointment or re-election are based on a prior analysis of the needs of the Board.

c) Favours diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the Board is provided in a report from the appointments committee which is published when the general shareholder meeting is called and at which is submitted for ratification the appointment or re-election of each director.

And that the director selection policy supports the goal that in 2020 the number of female directors will represent at least 30 of the total number of members of the Board.

The appointments committee will verify annually compliance with the director selection policy and will include this in the annual corporate governance report.

Compliant

15. That external nominee directors and independent directors represent an ample majority of the board, and that the number of executive directors reaches the minimum necessary, based on the complexity of the group and the participation of executive directors in the company's capital.

Compliant

16. That the percentage of nominee directors in the total of non-executive directors is not greater than the proportion between the share capital represented by these directors and the rest.

This measure may be relaxed:

a) In large capitalisation companies with few stakes that may legally considered to be significant.

b) For companies where a plurality of shareholders are represented on the Board, with no links between them.

Compliant

17. That the number of independent directors represents at least half of the total of directors.

That, nevertheless, when the Company does not have a large capitalisation or is a large cap but

with one shareholder, or several acting together, with more than 30% of share capital, the number of independent directors represents at least one third of the total.

Compliant

18. That companies publish on their website and maintain updated the following information about their directors:

a) A professional profile and biography.

b) Other Boards of Directors to which they belong, at either unlisted or listed companies, as well as other remunerated activities of any nature.

c) The category of director to which they belong, indicating for nominee directors the shareholder they represent or with whom they are connected.

d) The date of their first appointment as director and of subsequent re-elections.

e) Company shares and options on them they hold.

Compliant

19. That in the annual report on corporate governance, following verification from the appointments committee, reasons are given why nominee directors have been appointed at the bidding of shareholders with a stake of less than 3%, also with reasons given why formal requests for a presence on the board from shareholders with a stake that is equal to or higher than others who are nominee directors have not been heeded.

Not applicable

20. That nominee directors resign when the shareholder they represent fully transfers their shareholding, and that when a shareholder reduces their shareholding to a level which requires a reduction in the number of nominee directors they carry this out correspondingly.

Not applicable

21. That the Board of Directors does not proposes the dismissal of any independent director before the completion of the period laid down in the by-laws, except when there exists just cause as approved by the Board following a report from the appointments committee. In particular, just cause will be seen to exist when the director takes up new positions or assumes new obligations that prevent him from fulfilling the duties inherent in the position or when the director is in circumstances that mean he is no longer independent, in accordance with the legislation applicable.

Independent directors may also be dismissed as a consequence of takeover bids, mergers or other similar corporate transactions which lead to a change in the share capital structure, when these changes in the structure of the Board follow the principles of proportionality of recommendation 16.

Compliant

22. That companies establish rules which oblige directors to inform and if applicable resign in those circumstances which could damage the credit and reputation of the company, and in particular, require directors to inform the Board of the penal cases where they are implicated and of the results of any legal processes.

That if a director is tried or committed to trial for one of the crimes noted in corporate law, the Board will examine the case as soon as possible and in light of the specific circumstances decide if the director may continue in the position. And that the Board discloses this to a reasonable degree on the Annual Corporate Governance Report.

Compliant

23. That all directors clearly express their opposition when they think that any proposal for a decision submitted to the may be contrary to the company's interests. And that, particularly independent directors and directors not affected by the potential conflict of interest, this is also the case concerning decisions which could damage shareholders who are not represented on the Board.

And that when the Board adopts significant or repeated decisions on which the director has expresses reservations, the director draws the necessary conclusions and if he chooses to resign, explains the reasons for this in the letter referred to by the following recommendation.

This Recommendation also covers the Secretary of the Board, even though the Secretary may not be a director.

Not applicable

24. That when, either because of resignation or for another reason, a director leaves his role before the end of the mandate, he explains the reasons in a letter sent to all members of the Board. And that, while this will still be stated as a relevant fact, the reason for the departure is also disclosed in the annual corporate governance report.

Explain

Casgo, S.A. did provide a formal letter of resignation when they resigned for personal reasons, informing the Board directly on 18 January 2016.

25. That the appointments committee ensures that non-executive directors have enough time to carry out their functions correctly.

And that the rules for the Board establish a maximum number of companies where they may be directors.

Compliant

26. That the Board meets frequently enough to perform its functions with effectiveness, and at least eight times per year, following the programme of dates and business established at the start of the year, with each Director being able to propose orders of the day that were initially not included.

Compliant

27. That directors are absent only when essential, and these are listed in the Annual Report on Corporate Governance. And that if proxy representation is indispensable, it is granted with instructions.

Compliant

28. That when directors or the Secretary express concern on a proposal or, in the case of the directors, on the performance of the company, and these concerns are not resolved by the Board, at the request of the person who expressed them they are then noted in the minutes.

Not applicable

29. That the company established by which directors can obtain advice needed to carry out their function, including if required by circumstances external advice paid by the company.

Compliant

30. That, independently of the knowledge required of directors for the exercise of their functions, the companies also offer a programme updating their knowledge when circumstances so advise.

Compliant

31.That the order of the day of meetings clearly indicates those points where the Board must adopt a decision or come to agreement, so that directors can study before hand the information needed for this.

When exceptionally and for reasons of urgency, the Chairman wants to submit for approval to the Board decisions or agreements not in the order of the day, this will require the express consent of the majority of directors present, and this will be stated in the minutes.

Compliant

32. That directors are regularly informed of any movements in share ownership and of the opinion of the company and its group held by significant shareholders, investors and rating agencies.

Compliant

33. That the Chairman, who is responsible for the effective functioning of the Board, as well as exercising the functions allocated to him by law and by-law, prepares and submits to the Board a programme of dates and business to discuss; organises and coordinates the regular assessment of the Board and if applicable of the chief executive; is responsible for the management of the Board and its effective functioning; ensures that enough time is dedicated to discussing strategic issues, and approves and reviews the programmes for updating the knowledge of each director when circumstances recommend this.

Compliant

34. That when there exists a coordinating director, the by-laws or rules for the Board, as well as the powers legally allocated, attribute the following: chairing the Board when the chair is absent and the deputies absent, if there are any; note the concerns of non-executive directors; maintain contacts with investors and shareholders to understand their perspective and their concerns, in particular about corporate governance at the company, and coordinate the succession plan for the Chairman.

Not applicable

35. That the Secretary of the Board takes special care that the actions and decisions of the Board take into consideration the Recommendations of good governance contained in this Code which are applicable to the company.

Compliant

36. That the Board of Directors in full assesses once a year and adopts if needs be an action plan to correct any deficiencies detected in:

a) The quality and efficiency of the functioning of the Board

b) The functioning and membership of its committees

c) The diversity of the membership and competencies of the Board

d) The performance of the Chairman of the Board and the chief executive

e) The performance and contribution of each director, paying special attention to those responsible for the various Board committees

To assess the various committees, the basis will be the reports they submit to the Board and the report of the appointments committee.

Every three years, the Board will be supported in the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relations that the consultant or any company of his group maintains with the company or any group company must be disclosed in the annual report on corporate governance.

The process and the areas assessed will be described in the annual report on corporate governance.

Compliant

37. That when there is an Executive Committee, the structure of participation of the different types of directors is similar to the structure of the Board, and the Secretary is the Secretary of the Board.

Compliant

38. That the Board is always aware of the business treated and the decisions adopted by the Executive Committee, and that all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant

39. That members of the Audit Committee and in particular the Chairman are appointed based on their knowledge and experience in the area of accounting, audit, or risk management, and that the majority of members are independent directors.

Compliant

40. That there is an internal audit function which, under the supervision of the Audit Committee, monitors the good performance of the information systems and internal control systems and reports to the non-executive chair of the Board or of the Audit Committee.

Compliant

41. That the person in charge of the internal audit function presents the Audit Committee with an annual work programme, directly informs it of any incidents that occur during this, and submits to it at the end of each year a report on his activities.

Compliant

42. That it corresponds to the Audit Committee, in addition to the functions established by the law, the following functions:

1. Concerning information and internal control systems:

a) Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.

b) Ensuring the independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service; approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant risks of the Company; receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.

c) Establishing and monitoring a mechanism which enables employees to communicate confidentially and if possible and appropriate, anonymously, any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

2. Concerning the external auditor:

a) In the event that the external auditor resigns, to examine the circumstances which led to this.

b) Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.

c) Ensure that the company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.

d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the company.

e) Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the independence of auditors.

Compliant

43. That the Audit Committee can call any employee or manager of the company and require them to appear without the presence of any other manager.

Compliant

44. That the Audit Committee is informed about any transactions of structural or corporate modifications that the Company is planning for analysis and for its prior report to the Board about the financial conditions, accounting impact and in particular, if applicable, the swap ratio proposed.

Not applicable

45. That the policy for controlling and managing risks identifies at least:

a) the various types of risks (operational, technological, financial, legal, social, environmental, political, reputational…) faced by the company, including in the financial risks contingent liabilities and other off balance sheet risks;

b) the establishment of the risk level deemed acceptable by the company;

c) measures available to mitigate the impact of the identified risks if they were to materialise;

d) the information systems and internal control systems used to control and manage these risks, including contingent liabilities and off balance sheet risks.

Compliant

46. That under the direct supervision of the Audit Committee or any specialist committee of the Board, there is an internal function for controlling and management the risks, managed by a unit or internal department at the Company with the following functions expressly attributed to it:

a) Ensure the smooth functioning of control systems and risk management, and in particular identify, manage and quantify the major risks that affect the company.

b) Participating actively in preparing the risks strategy and in important management decisions.

c) Ensuring that control systems and risk management adequately mitigate risks as part of the policy defined by the Board.

Compliant

47.

That members of the appointments and remuneration committee – or of the two separate committees if applicable – are appointed on the grounds of their understanding, skills and experience for the functions they are called on to carry out, and that the majority of members are independent directors.

Partly compliant

The Appointments and Remuneration Committee consists of four members, two of whom, including the Chairman, are independent.

48. That large cap companies have separate appointments and remuneration committees.

Not applicable

49. That the Appointments Committee consults the Chairman and the chief executive of the company, especially for matters concerning the executive directors.

And that any director may request the Appointments Committee to take into consideration, if he deems them ideal, potential candidates for director vacancies.

Compliant

50. That the appointments committee carries out its functions with Independence and that as well as those functions it has under law also carries out the following:

a) Proposing to the Board the basic conditions of contracts for senior managers.

b) Confirming the observance of the remuneration policy established by the company.

c) Regularly reviewing the remuneration policy applied to directors and senior managers, including compensation paid with shares and its application, and guaranteeing that individual compensation is proportionate to that paid to other directors and senior managers at the company.

d) Ensuring that any conflicts of interest do not jeopardise the independence of the external advice provided to the Committee.

e) Verifying the information about the compensation of directors and senior management contained in corporate documents, including the annual report about the remuneration of directors.

Compliant

51. That the Remuneration Committee consults the Chairman and the chief executive of the company, especially for matters relating to executive directors and senior management.

Compliant

52. That the rules of membership and functioning of the committees of supervision and control are included in the rules for the Board and are consistent with those applicable to legally obligatory committees, those mentioned in other recommendations, including:

a) That they consist exclusively of non-executive directors, with a majority of independents.

b) That their chairs are independent directors.

c) That the Board appoints members of these committees on the grounds of their understanding, skills and experience for the functions of each committee, considers their proposals and reports and that the committees report to the full Board following their meetings about their activity, with a response to their work.

d) That the Committees can receive external advice when they consider it necessary to carry out their functions.

e) That minutes are taken of their meetings and made available to all directors.

Not applicable

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility strategy is allocated to one committee or distributed among several committees of the Board, which may be the audit committee, appointments committee,

corporate social responsibility committee, if it exists, or a specialist committee that the Board of Directors, in the exercise of their powers of self-organisation, decides to create for this purpose, with the following specific functions as a minimum:

a) The supervision of compliance with internal codes of conduct and corporate governance rules at the company.

b) The supervision of the strategy for communicating and relations with shareholders and investors, including small and medium shareholders.

c) The regular assessment of the appropriateness of the company's corporate governance, in order to comply with the mission of defending social interest, taking into consideration the corresponding legitimate interests of other stakeholders.

d) The review of the company's corporate social responsibility policy, ensuring that it is focused on value creation.

e) Monitoring the strategy and practices of corporate social responsibility and assessing the level of compliance.

f) Supervising and monitoring the processes of stakeholder relations.

g) The assessment of everything related to non-financial risks at the company, including operational risks, technological, legal, social, environmental, political and reputational.

h) Coordinating the process of reporting non-financial information and diversity information, in accordance with applicable norms and international reference standards.

Compliant

54. That the corporate social responsibility policy includes the principles or commitments that the company assumes voluntarily with various stakeholders, identifying at least:

a) The aims of the corporate social responsibility policy and the development of supporting instruments.

b) The corporate strategy for sustainability, the environment, and social issues.

c) Specific practices in issues related to: shareholders, employees, clients, suppliers, social questions, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal behaviour.

d) Methods or systems for monitoring the results of the application of the specific practices noted above, their associated risks and the management of these.

e) Mechanisms for supervising non-financial risks, ethics, and business conduct.

f) Channels for communication, participation and dialogue with stakeholders.

g) Responsible communication practices which avoid manipulated information and defend integrity and honour.

Compliant

55. That the Company reports in a separate document or in the management report about issues related to corporate social responsibility, using for this purpose an internationally accepted methodology.

Compliant

56. That the remuneration of directors is enough to attract and retain directors of the desired profile and to compensate for the dedication, qualification and responsibility required of the position, but not so high as to affect the Independence of judgement of the non-executive directors.

Compliant

57. That variable compensation linked to the performance of the Company and personal performance is limited to executive directors, as well as remuneration in shares, options, rights on shares or securities benchmarked to the share price, and long term savings mechanisms such as pension plans, retirement plans or other social welfare systems.

Shares may be delivered as compensation to non-executive directors when they are required to hold onto them until they are no longer directors. This will not apply to those shares the director may need to sell to meet the costs related to the acquisition.

Compliant

58. That in the area of variable remuneration, the compensation policies of the company incorporate the limits and technical cautions needed to ensure that they are related to the professional performance of their beneficiaries and not only from the general performance of the markets, the sector of the company, or other similar circumstances.

In particular, that the variable components of remuneration:

a) Are linked to predetermined performance criteria that are measurable, and that these criteria consider the risks involved in obtaining a result.

b) Support the sustainability of the Company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the rules and internal procedures of the company and its policies for risk control and management.

c) Are based on a balance between meeting short, medium, and long-term targets, hence enabling the remuneration of a continued performance over enough time to appreciate a contribution to sustainable value creation, so that the factors determining the variable remuneration are not based only on one-off, occasional or extraordinary events.

Compliant

59. That the payment of a relevant part of the variable components of remuneration is deferred for a minimum time enough such that it can be proved that the previously established conditions for payment have been met.

Compliant

60. That remuneration that is related to Company results takes into consideration any qualifications in the external auditor's report that reduces these results.

Compliant

61. That a relevant percentage of the remunerable variation of the executive directors is linked to the award of shares or financial instruments benchmarked to their value.

Explain

When the variable remuneration of the CEO was agreed, it was not considered appropriate to link it to shares or financial instruments.

62. That once they have been awarded the shares or options or rights to shares corresponding to the remuneration systems, directors may not transfer the ownership of a number of shares equivalent to twice their fixed annual remuneration, nor exercise the options or rights until at least three years after the award.

This does not apply when the director needs to make a sale to satisfy the costs related to the acquisition.

Not applicable

63. That contractual agreements include a clause permitting the Company to claw back the variable components of remuneration when the payment has not been adjusted to the conditions of the performance of when they have been paid on the grounds of data that have subsequently been proved to be inaccurate.

Compliant

64. That payments for the termination of a contract do not exceed an amount equivalent to two years of total annual remuneration and are not made until the company has been able to prove that the director met the previously established performance criteria.

Compliant

H.- OTHER INFORMATION OF INTEREST

1. If there is any other relevant corporate governance issue at the company or in group entities that has not been included in the sections of this report, but which it is necessary to include for a full and fair view of the governance structure and practices of the entity or the group, detail them briefly here.

Not applicable.

2. In this section, the company may also include any other information, clarification or detail related to the previous sections of the report, as long as they are relevant and not repetitive.

In particular, the company will disclose if it is subject to any other legislation that is different to Spanish law in the corporate governance area. If so, it will include the information that it is obliged to supply and that differs from that required by this report.

Not applicable.

3. The company may also indicate if it has voluntarily signed up to other codes of ethical principles or good practices, whether internationally, for its sector, or any other. If so, identify the code in question and the date of joining. In particular, state if the company signed up to the Code of Good Tax Practices of 20 July 2010.

On 27 July 2015, on the proposal of the Audit and Compliance Committee, the Board of Directors approved the Code of Good Tax Practices of Grupo Vocento.

Indicate if any directors voted against or abstained from the approval of this report.

No

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This Annual Corporate Governance Report for Vocento for the year ending 31 December 2016 was unanimously approved by the Board of the company at its meeting on 28 February 2017, following a favourable report from the Audit and Compliance Committee at its meeting of 27 February 2017.

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ANNUAL REPORT OF ACTIVITIES

OF THE AUDIT AND COMPLIANCE COMMITTEE

VOCENTO, S.A.

2016

Approved by the Audit and Compliance Committee on 26 January 2017
Ratified by the Board of Directors on 7 February 2017

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ANNUAL REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

VOCENTO, S.A.

END DATE OF REFERENCE YEAR: 31/12/2016

1. DESCRIPTION, PURPOSES AND GOALS

This Annual Report of the Activities of the Audit and Compliance Committee of Vocento, S.A. (hereinafter "**Vocento"** or the **"Company**") is addressed to the Board of Directors. It summaries the activities carried out by the Audit and Compliance Committee in various areas of work, including the meetings held and issues discussed in the year. Its preparation and disclosure is in accordance with Article 18.8 of the Rules for the Board of Directors and it is published in conjunction with the individual and consolidated Annual Accounts.

2. THE AUDIT AND COMPLIANCE COMMITTEE

2.1 BACKGROUND

Following an agreement by the Board of Directors of Vocento (then Grupo Correo-Prensa Española), on 18 July 2002, an Audit and Compliance Committee was established, of a voluntary nature and with no executive powers, with the main purpose of supporting the Board of Directors in its oversight functions.

This Committee operated until the stock market listing of Vocento, as result of which, in accordance with the terms of Article 19 of the Company Bylaws and of 18.1 of the Rules for the Board of Directors, the Board of Directors of Vocento on 5 September 2006 established the Audit and Compliance Committee, ahead of the listing and in accordance with Law 44/2002, of 22 November, on Reform Measures of the Financial System.

As a consequence of the publication by the CNMV of "Unified Code of Good Governance" (the "**Código Conthe**") and of the stock marketing listing of Vocento, in 2006 the Committee carried out an analysis of implications of this code for the Audit and Compliance Committees of listed companies such as Vocento, updating the Rules for the Board of Directors, incorporating the new requirements established in the Code.

As a result of the publication on 1 July 2010 of Law 12/2010 of 30 June, which modifies the Law on Auditing Accounts and the Eighteenth Additional Provision on Audit Committees of the 24/1988 Law on Securities Markets was modified. Consequently, Article 18 of the Rules for the Board of Directors, which covers the structure, functioning, powers and obligations of the Audit Committee, was modified in 2010 to incorporate these changes.

Law 12/2010 has increased the responsibility of Audit Committees and Boards of Directors, concerning the accuracy of the financial information that listed companies provide to markets, with it now being the responsibility of Audit Committees to monitor the accuracy of the financial information and to assess the effectiveness of the Internal Control system for financial information. In addition, they must take to the Board of Directors proposals for selecting, appointing, re-electing and replacing external auditors, and for their contractual conditions, and regularly receive information from them about the Audit Plan and its implementation, while preserving their independence in the exercise of these functions.

The functions and composition of the Committee have changed following a modification to the Rules for the Board in May 2015, in response to changes to the Law on Corporations by Law 31/2014 of 3 December, which aims to improve corporate governance, as well as the approval of the Code of Good Governance by the CNMV in February 2015.

Furthermore, in November 2016, a modification was again made to the Rules for the Board of Directors, to clarify that the Chairs of the different Committees, including the Audit and Compliance Committee, must orally report to the Board of Directors about the matters addressed in each meeting of the corresponding Committee during the Board meeting immediately following, as has been happening in practice for years.

2.2 MEMBERSHIP

In accordance with the provisions of the Rules of the Board, the Audit and Compliance Committee is composed of a minimum of three and a maximum of five external directors appointed by the Board of Directors. At least two members must be independent directors.

The Chairman will be appointed by the independent directors of the Board and must be replaced every four years, being eligible for re-election one year after the end of the mandate.

At the current date, the Committee consists of the following members:

Chairman	Appointment	Type
D. Miguel Antoñanzas Alvear	19 January 2015	Independent
Members	**Appointment**	**Type**
D. Gonzalo Soto Aguirre	12 June 2012	External, nominee
Valjarafe, S.L. represented by Dª Soledad Luca de Tena García Conde	12 June 2012	External, nominee
D. Fernando de Yarza López Madrazo	26 April 2016	Independent
D. Carlos Delclaux Zulueta	26 April 2016	Independent

On 26 April 2016, the Board of Directors accepted the resignation presented by D. Fernando Azaola Arteche as a member of the Audit and Compliance Committee, notwithstanding his continued status as director of the company. In the same meeting, as a result of the restructuring of committees proposed by the Chairman of the Board, D. Carlos Delclaux Zulueta and D. Fernando de Yarza López-Madrazo, both independent directors, were appointed to the Committee.

Following the resignation and the two appointments, the Audit and Compliance Committee now consists of the 5 members indicated above.

All members of the Audit and Compliance Committee are External Directors. Furthermore, in compliance with the 39 recommendations of the Code of Good Governance for Listed Companies, all members of the Committee have training and experience in accounting, auditing or risk management.

The Secretary, D. Carlos Pazos, is not a member of the Committee and is Secretary of the Board of Directors of Vocento, in accordance with article 18.1 of the Rules for the Board of Directors. Likewise, the Deputy Secretary, D. Pablo Díaz Gridilla, is Deputy Secretary of the Board, in accordance with this article.

3. SESSIONS AND MEETINGS

The Audit and Compliance Committee will meet whenever the Board of Directors or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted.

In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators.

Any executive director or member of the management team or company employee who is so required will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have. The Committee may require them to appear without the presence of another manager.

The Committee can also require the attendance of the account auditors at its meetings.

4. FUNCTIONS AND COMPETENCIES

Notwithstanding any other functions assigned it by the Board, the Audit and Compliance Committee has, among others, the following responsibilities as stated in Article 18 of the Rules for the Board of Vocento, in accordance with the terms of Article 529 of the Law on Corporations:

4.1 GENERAL FUNCTIONS

- Informing the Shareholder Meeting about the issues raised there that fall within the Committee's area of concern.
- Monitor the effectiveness of the internal controls of the Company, as well as internal audit, the system for managing risks including fiscal risks, and discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit.
- Monitoring the process of preparation and presentation of the financial information required by law.

- Bringing to the Board proposals for the selection, appointment, re-election and substitution of the external auditor and the conditions of the auditing contract, and regularly receiving information about the audit plan and its implementation, as well as preserving independence in these functions.
- Establish the appropriate relations with the external auditor for receiving information about those matters that may jeopardise the auditor's independence, to be examined by the Committee, and any other matters related to the audit, as well as any other communications established by auditing law and norms. The Committee will receive each year from the external auditor a declaration of independence from the entity and entities related to it directly or indirectly, as well as information about additional services of any other class provided by the auditor or related people or entities, in accordance with the legislation on auditing accounts.
- Publish each year prior to the publication of the audit of the accounts a report expressing an opinion about the Independence of the auditor. This report must contain a valuation of the additional services mentioned in the previous point, broken down individually and also overall, apart from the legal audit service, as related to the status of Independence and the norms governing audits.
- Informing the Board of Directors in advance about all the matters addressed by the Law, By Laws and Rules for the Board, in particular about:
  - **a)** the financial information that the Company must regularly publish
  - **b)** the creation or acquisition of stakes in special purpose vehicles or entities based in countries or territories considered to be tax havens which will only be possible when other fair and equivalent alternatives do not exist and which comply with the laws and good tax practices applicable to the Group; and
  - **c)** transactions with related parties.

4.2 SYSTEMS FOR INFORMATION AND INTERNAL CONTROL

- Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- Ensuring the Independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service; approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant risks of the Company; receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.
- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

4.3 EXTERNAL AUDITOR

- In the event that the external auditor resigns, to examine the circumstances which led to this.
- Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.
- Ensure that the Company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.

- Ensuring that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the Company.
- Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the Independence of auditors.

4.4 SUPERVISION OF COMPLIANCE WITH CORPORATE GOVERNANCE RULES, INTERNAL CODES OF CONDUCT AND THE CORPORATE RESPONSIBILITY STRATEGY

- Monitoring compliance with internal codes of conduct and corporate governance rules.
- Monitoring the communications strategy and the investor relations strategy, including small and medium shareholders.
- The regular assessment of the company's corporate governance system, and how it complies with its missions of supporting social interest and reflect the legitimate interests of stakeholders.
- The review of the company's corporate responsibility policy, ensuring it is focused on the creation of value.
- Monitoring the strategy and practices of corporate social responsibility and evaluating the level of compliance.
- Supervising and evaluating the processes of relations with the various stakeholders.
- Evaluating everything that concerns non-financial risks at the Company, including operational risk, technological, legal, social, environmental, political and reputational.
- Coordinating the process of reporting non-financial information and diversity information in accordance with applicable norms and international standards.
- Providing the Board with information about the tax policies and criteria applied by the Company, and about the level of compliance with good tax practices at the Group.
- Publishing the reports and implementing the actions that the Board or Chairman request from it in the exercise of its functions.

5. ACTIVITIES UNDERTAKEN IN 2016

5.1. MEETINGS

In 2016, the Audit and Compliance Committee met on **six (6)** occasions on the following dates:

1) **27 January 2016**
2) **22 February 2016**
3) **10 May 2016**
4) **26 July 2016**
5) **10 November 2016**
6) **28 November 2016**

The following section summarizes the issues discussed, agreements reached and recommendations made by the Audit and Compliance Committee:

➢ **MEETING OF 27 JANUARY 2016:**

- Report from external auditors with preliminary conclusions of their review of the consolidated financial statements for 2015.
- Report analysing tax risks.
- Proposal for Corporate Social Responsibility policy.
- Proposed 2016 plan for Corporate Social Responsibility.
- Information from the Internal Audit plan for 2015.
- Report following up recommendations from internal audit.
- Assessment of remuneration of the director of internal audit.
- Presentation about the state of implementation of the purchasing system.
- Approval of Annual Report of Activities of the Audit and Compliance Committee.

➢ **MEETING OF 27 FEBRUARY 2016:**

- Report from account auditors about the annual accounts of Vocento and the consolidated group for 31 December 2015.
- Report from account auditors confirming their Independence from the Group and dependent bodies, plus information about additional services provided.
- Presentation of the regular public financial information to be sent to the CNMV and the market for 31 December 2015.
- Report about the functioning and effectiveness of the SCIIF in the fourth quarter of 2015.
- Risk management report for 4Q15.

- Report about the effectiveness of the SCIIF controls in the fourth quarter of 2015.
- Assessment of the SCIIF in 2015 and its compliance with the recommendations from the CNMV and the COSO standard.
- Proposed annual report from internal audit for 2015.
- Proposed report for crime prevention for 2015
- Proposed Corporate Social Responsibility action plan for 2016.
- Proposed formulation of annual accounts for Vocento and the consolidated group for 2015.
- Proposed Annual Corporate Governance Report for 2015.
- Report from the Committee about the independence of the external auditors from the Group and dependent bodies, plus information about additional services provided.

➢ **MEETING OF 10 MAY 2016:**

- Report from the external auditors about internal control recommendations for 2015.
- Requesting from the external auditors of the Limited Review of accounts to 30 June 2016.
- Functioning of the SCIIF in 1Q16.
- Report from Internal Audit about the effectiveness of the SCIIF controls in 1Q16.
- Presentation of the regular public financial information to send to the CNMV and to the market, for the first quarter of 2016.
- Risk management report for 1Q16.
- Monitoring of internal audit plan for 2016.
- Monitoring of implementation of crime prevention system.

➢ **MEETING OF 28 JULY 2016:**

- Report from the external auditor about the limited review of consolidated financial information for 30 June 2016.
- Functioning of the SCIIF in 2Q16.
- Presentation of the regular public financial information to send to the CNMV and to the market, for the second quarter of 2016.
- Presentation about the risk management system.
- Report from Internal Audit about the effectiveness of the SCIIF controls in 2Q16.
    - Monitoring of internal audit plan for 2016.
- Implementation of crime prevention and response system.

➢ **MEETING OF 10 NOVEMBER 2016:**

- Functioning of SCIIF during 3Q16.

- Report from Internal Audit about the effectiveness of the SCIIF controls in 3Q16.
- Presentation of the regular public financial information to send to the CNMV and to the market, for the third quarter of 2016.
- Status of corporate simplification plan.
- Monitoring of internal audit plan for 2016.
- Monitoring of implementation of crime prevent system in 2016.

➢ **MEETING OF 28 NOVEMBER 2016:**

- Report from the external auditors with preliminary conclusions about the review of the consolidated financial statements for 30 September 2016 and preliminary analysis of the matters addressed in point 2 above.
- Annual assessment of SCIIF risks relating to 2016.
- Proposed Corporate Social Responsibility plan for Vocento in 2017.
- Proposed internal audit plan and budget for 2017.

The Chairman of the Audit and Compliance Committee informed the Board about the main business discussed in the meetings held, and the Secretary of the Committee and Board prepared minutes of each meeting which were sent to all Directors immediately for their approval.

Various managers appeared at the Committee in the year, including the Chief Financial Officer and the Internal Auditor.

The external auditor participated in the meetings of the Audit Committee, when requested to, providing information about the development and results of the audits.

5.2 ASSESSMENT

In 2016, the Audit Committee carried out a self-assessment, which was undertaken by the Secretary of the Board. The results of this process were shared with members of the Committee.

5.3 FINANCIAL INFORMATION

The Audit and Compliance Committee reports to the Board prior to its approval of the financial information that Vocento must publish regularly.

Consequently it monitors the process of preparing and guaranteeing financial information and ensures compliance with legal requirements, and the correct application of the consolidation perimeter and accounting standards.

In these tasks it has been supported by the financial department and the internal and external auditors.

The Committee in the various meetings of the year has reviewed:

- The Regular Public Financial Information to send to the CNMV and to the market, following a report from internal audit about the effectiveness of SCIIF controls, ensuring that the quarterly and half-yearly reports are prepared in accordance with the same principles, criteria and professional practices as the annual report and with the same level of accuracy.

- The report from the external auditors following the limited review of the consolidated financial information to June.
- The proposal for the formulation of the Annual Accounts of Vocento and the consolidated group.
- The report from the external auditors about the preliminary conclusions of the review of consolidated financial statements to September.
- The report from the external auditors about the annual accounts of Vocento and the consolidated group.

5.4 EXTERNAL AUDITOR

The Audit and Compliance Committee must regularly receive from the external auditor information about the audit plan and its implementation and preserve their independence in these processes. In the year it undertook the following activities in this area:

- Received a report from the account auditors confirming their independence from the Company and dependent entities, as well as information about additional services provided.
- Prepared a report expressing an opinion about the Independence of the account auditors and the delivery of additional services.
- Requested from the external auditors a limited review of the consolidated half-yearly accounts to June and the accounts to September.

5.5 INTERNAL AUDIT

5.5.1 Supervision of the function

The company's internal audit function has been operating since 2004, as part of the Audit and Compliance Committee and reporting to the Chief Executive Officer, and it aims to ensure the correct functioning of information systems, internal controls, and risk management.

Its competencies are established by the Internal Audit Statute approved by the Audit and Compliance Committee, approved by the Chairman of the Audit and Compliance Committee.

Complying with its responsibilities for supervising internal audit services, the Audit and Compliance Committee carried out an assessment of the performance of the director of internal audit, including an assessment of the compensation corresponding to 2015.

5.5.2 Internal Audit Plan

In accordance with the functions that are its responsibility according to its Statute, the internal auditor presented to the Audit and Compliance Committee for approval the Internal Audit Plan for 2017 and the budget.

The Internal Audit Plan for 2016 was practically fully implemented. The Plan included specific reviews of the controls of the SCIIF, in each financial reporting period to the market and to the regulator. All components of the internal control system for financial information were reviewed, enabling overall conclusions to be drawn about the effectiveness of the SCIIF, in accordance with the international COSO standard.

In addition, another objective of the audit plan, included in the Strategic Plan for Internal Audit, was to ensure compliance with the increasing responsibilities of the Audit and Compliance Committee, in the area of corporate governance and the supervision of risk control and management, increasing as a result of new legislation. Internal audit reviewed the adaptation of the Rules for the Board of Directors of Vocento, with the requirements of the Law on Corporations and the Code of Good Governance for Listed Companies, as part of the responsibilities and functions of the Audit and Compliance Committee.

Internal Audit, as the third line of defence (1) has developed a global assurance map for Vocento, detailed the coverage of the relevant risks that have been identified by the risk management system, indicating the controls in place for their mitigation and the areas responsible for managing these controls – the second line of defence – which provides the universe of processes and controls for internal audit to review.

5.5.3 Following up of recommendations

In the course of the year, work was carried out to follow up recommendations by issuing reports to the Director Generals of business areas and corporate areas, as the parties responsible for the functioning of the internal control system in their respective areas. This following up process aims to ensure that the recommendations made are implemented effectively. For each report, an action plan was proposed by the parties responsible for the audited processes, including actions to carry out to implement the recommendations.

5.5.4 Information and communication

Over the course of the year, the internal auditor attended all the meetings and regularly informed the Audit Committee about the Internal Audit plan, of the conclusions reached, and of the recommendations made, and about the following up and implementation of the plan. The Executive Committee has also been kept informed with the same frequency.

The internal auditor published a Report of Activities at the end of the year.

In addition, the internal auditor has met the Chairman of the Audit Committee, without the presence of any other manager or non-member of the committee.

1 *To facilitate the audit and compliance committee in its work of monitoring the risk management and control systems, the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditing (ECIIA) propose a methodological focus that is aligned with the three lines of defence model, which establishes the role of internal audit as to guarantee the functioning of the internal control system for the governance and senior management organisations, based on an assessment of the effectiveness of the risk management and compliance functions.*

Internal Audit has carried out its work with the Independence required and there has been a satisfactory level of cooperation from managers and employees, with no relevant incidents or any difficulties in accessing information or people; information channels functioned correctly.

5.6 SYSTEMS FOR RISK MANAGEMENT AND CONTROL

5.6.1 Risk Management System

The Audit and Compliance Committee is responsible for ensuring the effectiveness of internal controls and risk management systems, including tax risks.

Vocento has implemented a risk management system which aims to enable understanding and oversight of the risks to which the Company is exposed, aligning business objectives, the risks identified, response measures and the controls established, in order to minimize the impact of any of these risks materializing.

In 2014, this risk management system was subject to an in-depth review and on 13 November 2014 the Board of Directors approved a new Risk Management Policy for Vocento and group companies.

In the year the Chief Financial Officer, in charge of the function of managing risks, presented to the Audit and Compliance Committee a new risk management report that was the outcome of the process of identifying and assessing risks that was carried out by the Risks Committee, which consists of members of the Management Committee of Vocento, including key indicators for the management and control of the main risk whose materialization could affect the objectives of Vocento.

Regarding the new responsibilities over tax risks, the external tax advisor presented the Audit and Compliance Committee with an analysis of the situation, highlighting that no new tax risks were identified compared to the previous year, with all risks duly provisioned against in accounts.

5.6.2 Internal Control System for Financial Information (SCIIF)

In 2011 Vocento implemented an Internal Control System for the regulated Financial Information (SCIIF) that it discloses to the market and to regulators. The main aim of this is to provide the Board of Directors with a reasonable level of security about the accuracy of the financial information that Vocento is obliged to publish as a listed company.

Vocento's SCIIF follows the recommendations of the CNMV as contained in the document "Control of financial information at listed companies," and it is fully operational, as documented in an internal norm approved by Senior Management, and supported by an IT application that enables the execution of the controls and their review by internal audit.

As an additional guarantee of the accuracy of the financial information, Vocento's SCIIF also benefits from a system of certifications about the accuracy of the information and about the functioning of the internal control systems, signed every six months by the director generals of the companies, the Chief Financial Officer and finally by the Chief Executive Officer.

Among its responsibilities in the area of internal control, the Audit and Compliance Committee has monitored the effectiveness of the SCIIF, supported by the services of internal audit, which carries out an overall review of the SCIIF according to the COSO standard used by Internal Control, verifying that the CNMV recommendations are met.

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5.6.3 System for Preventing Crime and Responding to it

On 13 November 2014, the Board of Directors of the Company approved a Crime Prevention Policy, which aims to send to all managers and employees at Vocento the message that Vocento ensures that its activity is based on principles which result in behaviours that are committed to legality, good governance, transparency, responsibility, independence, and reputation for upholding socially accepting ethical standards.

In this context, the Board also approved on 13 November 2014 Vocento's Code of Ethics, which sets the standards of behaviour that Vocento has already been applying in its activities.

The Code of Ethics establishes a specific communications channel, the Ethics Channel, by which any employee can confidentially report behaviour which is inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, including financial and accounting norms.

All Vocento employees have been notified of the Code of Ethics and are understood to have welcomed and accepted it.

In 2015, the Company outsourced the receipt and management of any communications to an external supplier, with their own IT system, which provides more Independence to the receipt of communication, ensuring their confidentiality and complying with the law governing the protection of personal data. This outsourcing agreement was maintained in 2016.

To implement the Crime Prevention Policy, in 2015, using the competent bodies, a specific and effective internal control system will be implemented to prevent crimes, made up of a series of measures designed to assess risks, prevent, detect and respond to any non-compliance with the Code of Ethics or other possible crimes, while also documenting the practices that Vocento has been applying historically.

Included in this internal control system are protocols for acting and for monitoring, used in order to assess and reduce the risk of conduct which is illegal, irregular or contrary to the Code of Ethics. These are complemented by the implementation of effective, continuous controls that can be upgraded and reviewed.

In 2016, Vocento continued to implement the system for preventing and responding to crime, in particular in regard to the general and specific controls for specific crimes, the supporting IT system for the controls and the training plan, whose aim is to encourage a culture of compliance and hence to contribute to avoiding the materialisation of criminal risks in the activity of employees and managers,

In terms of supervision, the Ethics Committee, which reports to the Audit and Compliance Committee, has been granted the function of preparing and monitoring the implementation, development and compliance of the internal system for crime prevention. Other companies in the group headed by Vocento have signed up to this system, under the responsibility of different bodies, without prejudice to their recourse to the Ethics Committee on a case by case basis.

The Secretary of the Ethics Committee has regularly informed the Audit and Compliance Committee about the progress of the implementation of the system for preventing and responding to crime, and has submitted for its consideration a report on crime prevention prepared by the Ethics Committee, which provides information about all the activities carried out in the year.

5.7 CORPORATE GOVERNANCE AND COMPLIANCE

5.7.1 Corporate governance

It corresponds to the Audit and Compliance Committee to monitor the internal codes of conduct and rules of corporate governance, to supervise the strategy of communications with shareholders and to review the corporate social responsibility policy.

Complying with these responsibilities, the Audit and Compliance Committee carried out the following activities:

- Review of the Annual Report on Corporate Governance and proposal to the Board
- Review of the Corporate Social Responsibility Policy and proposal to the Board
- Review of the Annual Report on Activities of the Audit and Compliance Committee and proposal to the Board
- Review and proposed Plan for Corporate Social Responsibility
- Review and proposed 2016 Action Plan for Corporate Social Responsibility

5.7.2 Corporate Compliance Unit

The Corporate Compliance Unit was created with the responsibility of maintaining up to date the information that Directors and employees must disclose to the Company, in accordance with Article 32.3 of the Rules for the Board.

In accordance with this mandate, on 14 January 2014 the Board of Directors approved Vocento's Internal Rules of Conduct in Security Markets, Article 8 of which creates the Corporate Compliance Unit as an independent body reporting to the Audit and Compliance Committee.

The Corporate Compliance Unit has informed the Audit and Compliance Committee on a quarterly basis of the measures taken to ensure compliance with Vocento's Internal Rules of Conduct in Security Markets, approved in 2014. The reports mentioned any incidents in the updating of the people and amounts affected, and any incidents in regard to personal transactions and in the interaction of the Group with the Comisión Nacional del Mercado de Valores.

In this regard, the Secretary to the Board of Directors regularly sent to the Audit and Compliance Committee the Quarterly Report of the Corporate Compliance Unit, stating the measures taken in order to ensure compliance with the terms of the Internal Code of Conduct. These measures include the creation of the required documentary records, the written notification to every person covered by the code that they are affected by it, and the obligations this implies, as well as the assessment of the level of compliance and any incidents detected.

6. CONCLUSIONS FROM THE ACTIVITIES UNDERTAKEN

In the period under consideration, the Audit and Compliance Committee has functioned with the expected normality, exercising fully and without interference its competencies and with total respect for the legislation in force and the internal norms of functioning and organisation contained in the Rules for the Board of Directors. Over the course of the year, the Audit and Compliance Committee has been supported by the services of Internal Audit, the Corporate Compliance Unit and the External Auditors, who have carried out the functions entrusted to them.

As a result of this work, the members of the Audit and Compliance Committee:

- consider that the Committee has in the course of the year satisfactorily complied with the functions assigned to it by the Board of Directors of Vocento and contained in its Rules, in particular those functions pertaining to the monitoring of the process of preparing and presenting regulated financial information, and the supervision of internal audit;
- state their approval of the effectiveness of the internal control systems associated with the process of preparing this regulated financial information, and with the level of compliance with the norms and recommendations of good corporate governance; and
- have informed the Board of Directors and the Management of the company about those aspects which may be approved in their corresponding areas of responsibility.

* * *

APPENDIX

On 28 February 2017 the Directors of VOCENTO, S.A. prepared the annual accounts and directors' report for VOCENTO, S.A. set out in the following documents: balance sheet, income statement, statement of changes in equity and statement of cash flow, on one page each numbered from 1 to 4, the notes to the annual accounts on 41 sheets numbered from 5 to 41, and a 6 page appendix, and a 20 page directors' report, including the annual corporate governance report as point "xv" and the annual report on the activities of the Audit and Compliance Committee as point "xvi". The preceding documents have been printed on one side of sheets of numbered company stationary, together with this appendix, which have been signed by all of the members of the Board of Directors, and each page was signed by the Secretary to the Board of Directors for identification purposes.

In Bilbao, on 28 February 2017

Mr. Santiago Bergareche Busquet (Chair)	**Mr. Gonzalo Soto Aguirre** (Vice- Chair)
Mr. Luis Enríquez Nistal (CEO)	**Mr. Fernando Azaola Arteche** (Director)
Mr. Miguel Antoñanzas Alvear (Director)	**Mr. Carlos Delclaux Zulueta** (Director)
ENERGAY DE INVERSIONES, S.L. (represented by Mr. Enrique Ybarra Ybarra)	**MEZOUNA, S.L.** (represented by Mr. Ignacio Ybarra Aznar)
ONCHENA, S.L. (represented by Mr. Álvaro Ybarra Zubiría)	**Mr. Gonzalo Urquijo y Fernández de Araoz** (Director)
VALJARAFE, S.L. (represented by Mrs. Soledad Luca de Tena García-Conde)	**Mr. Fernando de Yarza López-Madrazo** (Director)
Mr. Carlos Pazos Campos (Non-voting Secretary)	

VOCENTO, S.A.

Independent auditor's report on consolidated annual accounts as at December, 31 2016.

This version of our report is a free translation from the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation

INDEPENDENT AUDITOR´S REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

To the shareholders of Vocento, S.A.:

Report on the Consolidated Annual Accounts

We have audited the accompanying consolidated annual accounts of Vocento, S.A. and its subsidiaries, which comprise consolidated statement of financial position as at December 31, 2016, and the consolidated income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes for the year then ended.

Director's Responsibility for the Consolidated Annual Accounts

The parent company´s directors are responsible for the preparation of these consolidated annual accounts, so that they present fairly the consolidated equity, financial position and financial performance of Vocento, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions of the financial reporting framework applicable to the Group in Spain and for such internal control as directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with legislation governing the audit practice in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the parent company´s directors´ preparation of the consolidated annual accounts 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 presentation of the consolidated annual accounts taken as a whole.

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 accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and financial position of Vocento, S.A. and its subsidiaries as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended with International Financial Reporting Standards, as adopted by the European Union, and other provisions of the financial reporting framework applicable in Spain.

Report on Other Legal and Regulatory Requirements

The accompanying consolidated directors' Report for 2016 contains the explanations which the parent company´s directors consider appropriate regarding Vocento, S.A. and its subsidiaries´ situation, the development of their business and other matters and does not form an integral part of the consolidated annual accounts. We have verified that the accounting information contained in the directors' Report is in agreement with that of the consolidated annual accounts for 2016.Our work as auditors is limited to checking the directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Vocento, S.A. and its subsidiaries´ accounting records.

PricewaterhouseCoopers Auditores, S.L.

(Original in spanish version signed by Virginia Arce Peralta)

28 de febrero de 2017

Vocento, S.A. and Subsidiaries

Annual Accounts and Directors' Report for 2016 together with the Audit Report

Vocento, s.a.
Pintor Losada, 7. 48004 Bilbao (Bizkaia).

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Vocento, S.A. and Subsidiaries

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2016 AND 2015

(Thousand euro)

ASSETS	Note	2016	2015 (*)	EQUITY AND LIABILITIES	Note	2016	2015 (*)
NON-CURRENT ASSETS		363,778	478,511	**EQUITY**		255,068	318,690
Intangible assets		**119,912**	**125,438**	**Parent Company**	**17**	**203,875**	**265,008**
Goodwill	8	87,514	89,997	Share capital		24,994	24,994
Other intangible assets	9	32,398	35,441	Reserves		259,475	261,224
Property, plant and equipment	**10**	**129,990**	**149,101**	Treasury shares		(20,583)	(25,291)
Property, plant and equipment in operation		127,866	148,308	Net profit for the period		(60,011)	4,081
Property, plant and equipment in progress		2,124	793	**Minority shareholdings**		**51,193**	**53,682**
Investment Property	**10**	**7,033**	**7,671**				
Shareholdings measured using the equity method	**11**	**5,539**	**6,305**	**NON-CURRENT LIABILITIES**		120,006	153,362
Financial assets		**4,023**	**4,237**	**Provisions**	**18**	**6,054**	**5,435**
Non-current securities portfolio	13.a	3,208	3,501	**Bank borrowings**	**20**	**64,903**	**97,004**
Other non-current financial investments	13.b	815	736	**Other non-current payables**	**22**	**16,085**	**19,665**
Other non-current receivables	**13.c**	**4,164**	**4,765**	**Deferred tax liabilities**	**23**	**32,964**	**31,258**
Deferred tax assets	**23**	**93,117**	**180,994**				
CURRENT ASSETS		135,083	135,138	**CURRENT LIABILITIES**		123,787	143,089
Inventories	**14**	**13,603**	**13,505**	**Bank borrowings**	**20**	**17,942**	**23,262**
Trade and other receivables	**15**	**92,356**	**92,063**	**Trade and other payables**	**19**	**90,039**	**105,599**
Public institutions	**23.24**	**7,221**	**10,222**	**Public institutions**	**23.24**	**15,747**	**14,176**
Current tax assets		4,108	7,127	Current tax liabilities		1,485	639
Other amounts receivable from Public institutions		3,113	3,095	Other amounts payable to Public institutions		14,262	13,537
Cash and other equivalents	**16**	**21,709**	**19,348**	**Provisions for other liabilities and charges**		**59**	**52**
Assets held for sale	**7**	**194**	**1,492**				
TOTAL ASSETS		**498,861**	**615,141**	**TOTAL EQUITY AND LIABILITIES**		**498,861**	**615,141**

(*) The consolidated balance sheet at 31 December 2015 is presented solely and exclusively for the purposes of comparison.

Notes 1 through 40 of the Notes to the Accounts form an integral part of the balance sheet at 31 December 2016.

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Vocento, S.A. and Subsidiaries

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Thousand euro)

	NOTE	2016	2015 (*)
CONTINUING OPERATIONS			
Revenue	26	**448,765**	**467,646**
Revenue		447,872	467,181
Work performed on the Company's own intangible assets		75	21
Other revenue	4.m	818	444
Raw materials and consumables	27	**(67,247)**	**(74,036)**
Changes in trade and other provisions	15	**(2,065)**	**(965)**
Personnel expenses	28	**(154,814)**	**(156,119)**
External services	29	**(182,515)**	**(188,887)**
Impairment and gains/(loss) on disposals of property, plant and equipment and intangible assets	9 and 10	**20,881**	**(569)**
Amortization and depreciation	9 and 10	**(18,650)**	**(20,055)**
Write-down of goodwill	8	**(2,500)**	**(5,350)**
Profit/(loss) from companies consolidated using the equity method	11	**(110)**	**257**
Financial income	30	**241**	**1,537**
Financial expense	31	**(6,701)**	**(7,705)**
Other gains/(losses) on financial instruments	13	**(294)**	**923**
Net profit/(loss) on disposal of non-current financial instruments	2.d	**(177)**	**(1,516)**
PROFIT/(LOSS) BEFORE TAXES ON CONTINUING OPERATIONS		**34,814**	**15,161**
Corporate income tax on continuing operations	23	(92,570)	(6,057)
NET PROFIT/(LOSS) FOR YEAR		**(57,756)**	**9,104**
Profit/(loss) attributed to non-controlling shareholdings	17	2,255	5,023
Profit/(loss) attributed to parent company shareholders		**(60,011)**	**4,081**
EARNINGS PER SHARE IN EURO	33	**(0.50)**	**0.03**
From continuing operations		(0.50)	0.03

(*) The income statement at 31 December 2015 is presented solely and exclusively for the purposes of comparison.

Notes 1 to 40 of the Notes to the accounts form an integral part of the income statement at 31 December 2016.

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STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(Thousand euro)

	NOTE	2016	2015 (*)
Net profit/(loss) for year		**(57,756)**	**9,104**
Other comprehensive profit/(loss)		**(1,128)**	**-**
Items that will not be reclassified to profit/(loss)	23	(1,128)	-
Items that may be reclassified to profit/(loss)		**493**	**34**
Hedging instruments	21	685	49
Tax effect on items that may be reclassified to profit and loss		(192)	(15)
Other comprehensive profit/(loss)		**(635)**	**34**
TOTAL RECOGNIZED REVENUE AND EXPENSE		**(58,391)**	**9,138**
Net profit/(loss) for the year attributable to non-controlling shareholders		2,255	5,023
Other comprehensive profit/(loss) attributed to non-controlling shareholders		-	-
Profit/(loss) for the year attributed to the parent company	21	(60,646)	4,115

(*) The statement of recognized income and expense at 31 December 2015 is presented solely and exclusively for the purposes of comparison.

Notes 1 to 40 of the Notes to the accounts form an integral part of the income statement at 31 December 2016.

Vocento, S.A. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousand euros)

	Share capital	Parent company's legal reserve	Other reserves of the parent company	Restated asset and unrealized liability reserve	Reserves in consolidated companies	Treasury shares	Net profit for the period	Non-controlling shareholdings	Total
Ending balance 2014 (*)	**24,994**	**4,999**	**305,333**	**(2,178)**	**(19,178)**	**(29,874)**	**(22,345)**	**60,821**	**322,572**
Application of prior year results	-	-	18,387	-	(40,732)	-	22,345	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(3,684)	(3,684)
Recognized income and expense									
Profit/(loss) for the year	-	-	-	-	-	-	4,081	5,023	9,104
Other recognized income and expenses	-	-	-	34	-	-	-	-	34
Total recognized income and expense	**-**	**-**	-	34	-	-	**4,081**	**5,023**	**9,138**
Transactions with non-controlling shareholdings	-	-	-	-	3,614	-	**-**	(8,454)	(4,840)
Transactions with treasury shares	-	-	(4,602)	-	-	4,583	**-**	-	(19)
Other	-	-	(3,871)	-	(582)	-	**-**	(24)	(4,477)
Ending balance 2015 (*)	**24,994**	**4,999**	**315,247**	**(2,144)**	**(56,878)**	**(25,291)**	**4,081**	**53,682**	**318,690**
Application of prior year results	-	-	(8,966)	-	13,047	-	(4,081)	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,470)	(4,470)
Recognized income and expense									
Profit/(loss) for the year	-	-	-	-	-	-	(60,011)	2,255	(57,756)
Other recognized income and expenses	-	-	-	493	(1,128)	-	-	-	(635)
Total recognized income and expense	**-**	**-**	**-**	**493**	**(1,128)**	**-**	**(60,011)**	**2,255**	**(58,391)**
Transactions with non-controlling shareholdings (Note 17)	-	-	-	-	(51)	-	-	(162)	(213)
Transactions with treasury shares	-	-	(4,688)	-	-	4,708	-	-	20
Other (Note 2.f)	-	-	-	-	(456)	-	-	(112)	(568)
Ending balance 2016	**24,994**	**4,999**	**301,593**	**(1,651)**	**(45,466)**	**(20,583)**	**(60,011)**	**51,193**	**255,068**

(*)The consolidated statement of changes in equity at 31 December 2015 is presented solely and exclusively for the purposes of comparison

Notes 1 to 40 of the Notes to the accounts form an integral part of the consolidated statement of changes in equity at 31 December 2016.

Vocento, S.A. and Subsidiaries

CASH FLOW STATEMENT FOR 2016

(Thousand euro)

	NOTES	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year from continuing operations		**(60,011)**	**4,081**
Profit/(loss) for the year attributable to non-controlling shareholders		**2,255**	**5,023**
Adjustments due to -			
Amortization and depreciation	9 and 10	18,650	20,055
Write-down of goodwill	8	2,500	5,350
Change in provisions	15,18 and 28	2,705	705
Change in deferred income		-	-
Companies consolidated using the equity method	11	110	(256)
Financial expense	31	6,701	7,705
Financial income	30	(241)	(1,537)
Income tax	23	92,570	6,057
Impairment and profit/(loss) on disposal of non-current assets	9,10,11 and 17	(20,410)	-
Other adjustments to profit/(loss)		-	1,162
Flows from ordinary operating activities before changes in working capital		**44,829**	**48,345**
Increase/decrease in trade and other accounts receivable	15 and 24	(2,280)	4,343
Increase/decrease in inventories	14	(114)	66
Increase/decrease in current operating liabilities	19 and 24	(16,401)	(14,245)
Corporate income tax paid		(610)	(2,259)
Net cash flows from operating activities (I)		**25,424**	**36,250**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	9	(4,828)	(5,473)
Acquisition of property, plant and equipment	10	(3,649)	(3,120)
Acquisition of subsidiaries and associates		17	(128)
Acquisitions of other financial assets	13	-	(100)
Increase/decrease in suppliers of property, plant and equipment and intangible assets	19	1,207	1,156
Amounts received on disposal of property, plant and equipment and intangible assets	9 and 10	36,647	199
Amounts received on disposal of financial assets	11	25	218
Effect of divestments		-	(654)
Interest collected	30	113	218
Dividends collected	11,13.a and 30	117	664
Net cash flows from investing activities (II)		**29,649**	**(7,020)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	31	(5,963)	(7,102)
Inflow/(outflow) of cash due to non-current financial liabilities	20	-	-
Inflow/(outflow) of cash due to current financial liabilities	20	(37,761)	(17,600)
Dividends paid		(4,470)	(3,684)
Inflow of cash due to sale of treasury shares	17	1,242	1,613
Outflow of cash due to acquisition of treasury shares	17	(1,223)	(1,632)
Acquisition/sale of non-controlling shareholdings without loss of control	17	(4,537)	(4,928)
Net cash flows from financing activities (III)		**(52,712)**	**(33,333)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS (I+II+II)		**2,361**	**(4,103)**
Cash and cash equivalents at start of the year	**16**	**19,348**	**23,451**
Cash and cash equivalents at end of the year		**21,709**	**19,348**

Notes 1 through 40 of the Notes to the Accounts form an integral part of the cash flow statement at 31 December 2016.

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1. Company activities

Vocento, S.A. was incorporated for an indefinite period as a public limited liability company on 28 June 1945 and its bylaws state that is corporate purpose is the addition, distribution and sale of unitary publications, whether or not newspapers, containing general, cultural, sports, artistic or any other type of information, the printing of those documents, the operation of printing shops and, in general, any other activity relating to the publishing and graphic arts industries, the establishment, use and operation of radio, television and any other broadcast facilities to broadcast, produce and promote audiovisual media, as well as the production, edition, and distribution of discs, cassettes, magnetic tapes, films, programs and any other devices or communication media of any type, the holding, acquisition, sale and application of any administration or possession action through any means of shares, securities, or interests in companies engaging in any of the aforementioned activities and, in general, any other activity that is directly or indirectly relating to the above activities that is not prohibited by current legislation.

All the activities which make up the aforementioned company object may be carried on in Spain or abroad, and may be carried on indirectly (totally or partially) through the ownership of shares or other equity investments in companies with an identical or a similar corporate purpose (Notes 11, 12 and Appendix).

Shareholders at a General Meeting held on 17 March 2001 adopted a resolution to change the name of Bilbao Editorial, S.A., to Grupo Correo de Comunicación, S.A.

As a result of the merger with Prensa Española, S.A., Shareholders at an extraordinary General Meeting held on 26 November 2001 adopted a resolution to change the Company's name to Grupo Correo Prensa Española, S.A. Finally, Shareholders at a General Meeting held on 29 May 2003 adopted a resolution to change the Company's name to Vocento, S.A. (hereinafter the Parent Company).

Shareholders at a General Meeting of the Parent Company held on 29 April 2014 adopted a resolution to change the registered address from Calle Juan Ignacio Luca de Tena 7 in Madrid to Calle Pintor Losada, 7 in Bilbao. The Company's domicile for tax purposes was already located at the latter address.

Given the activities in which the Group is involved, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant with respect to its equity, financial situation and results. For this reason no specific breakdowns are provided in these Notes to the consolidated annual accounts regarding environmental information.

2. Basis of presentation of the consolidated annual accounts and consolidation principles

a) Basis of presentation

The consolidated financial statements for 2016 for Vocento were prepared:

- By the directors of Vocento, at the Board of Directors Meeting held on 28 February 2017.

- In accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council, including the International Accounting Standards (IASs) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the Standing Interpretations Committee (SIC). Note 4 sets out the main accounting principles and the main measurement standards applied in preparing Vocento's 2016 consolidated annual accounts.

- All of the accounting principles and standards and mandatory, as well as the alternatives that the law allows in this respect, as specified in section b of this Note to the consolidated annual accounts of Vocento, are taken into account.

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- This thus gives a true and fair view of the consolidated equity and financial position of Vocento at 31 December 2016 and the results of its operations, the consolidated changes in equity and its cash flows at the Group during the year then ended.

- On the basis of the accounting records kept by Vocento and by the other Group companies. However, in view of the fact that the accounting principles and measurement criteria used to prepare the Group's 2016 (IFRS) consolidated financial statements differ to those applied by certain Group entities, the adjustments and reclassifications necessary to standardize the principles and criteria used and to ensure compliance with IFRS were made on consolidation.

To facilitate a uniform presentation of the items making up the consolidated annual accounts, the parent company's accounting principles and standards have been applied to all companies included in the consolidation.

The 2015 consolidated annual accounts for Vocento were approved by the shareholders at the Annual General Meeting of Vocento held on 26 April 2016 and were filed with the Bilbao Mercantile Registry. The consolidated annual accounts for the Group and its group companies for 2016 are pending approval at their respective Shareholders' Meetings. However, the Board of Directors of Vocento considers that these annual accounts will be approved without any changes.

b) Adoption of International Financial Reporting Standards (IFRS)

The IFRS establish certain application alternatives, of which we note the following:

i) Both intangible assets and the assets recognized under the heading "Non-current assets - Property, plant and equipment and investment properties" may be measured at market value or acquisition cost adjusted by accumulated depreciation and any write-downs that have been applied.

   The Group chose to recognize those assets at adjusted acquisition cost.

ii) Capital grants may be recognized deducting the amount of the grants received for the acquisition of the assets from the carrying amount concerned or those grants may be presented as deferred income on the liability side of the balance sheet.

   The Group selected the second option.

iii) The business combinations from prior to 1 January 2004 have not been reconstructed.

c) Adoption of new standards and interpretations

c.1) Standards and interpretations taking effect this year

New accounting standards entered into force in 2016 that have been taken into consideration when preparing these consolidated annual accounts if applicable to the Group.

Annual improvements to IFRS, 2010-2013 cycle.

In December 2013 the IASB published the IFRS Annual Improvements for the 2010-2012 cycle. The amendments included in these annual improvements are generally applicable to the years commencing 1 February 2015, although they may be adopted early. The main amendments relate to:

- IFRS 2 "Share-based payments": Definition of "vesting condition"

- IFRS 3 "Business combinations": Recognition of contingent compensation in a business combination.

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- IFRS 8, "Operating segments": Disclosures regarding the aggregation of operating segments and reconciliation of all assets in the segments being reported with the company's assets.
- IAS 16 "Property, plant and equipment and IAS 38 "Intangible assets": Proportionate restatement of accumulated amortization/depreciation when using the revaluation model (no impact on the group).
- IAS 24, "Related party disclosures": Entities that provide key management personnel services as a related party.

The impact of the application of these standards has not been significant in these annual accounts.

IAS 19 (Revised), "Defined benefit plans: Employee contributions"

IAS 19 (revised in 2011) makes a distinction between employee contributions relating to services rendered and those that are not associated with their service. The current amendment further distinguishes between contributions linked to the service only in the year in which they arise and those linked to the service in more than one year. The amendment allows the contributions linked to the service that do not vary over the duration of the service to be deducted from the cost of benefits earned in the year in which the related service is provided. The contributions associated with the services that vary in accordance with their duration must be extended over the time during which the service is rendered using the same assignment method applied to benefits. This amendment is applicable to all years commencing as from 1 February 2015 and is applied retrospectively. Early adoption is permitted.

The impact of the application of these standards has not been significant in these annual accounts.

IFRS 11 (Revised) "Recognition of purchases of shares in joint arrangements"

Requires the application of accounting principles for business combinations to an investor that acquires an interest in a joint venture that constitutes a business. Specifically, it will have to measure the identifiable assets and liabilities at fair value; recognize costs related to the acquisition as an expense; recognize the deferred tax; and recognize the residual value as goodwill. All other business combination accounting principles apply, unless they conflict with IFRS 11. This amendment will be prospectively applied to years commencing as from 1 January 2016, although it may be adopted early.

There has been no impact on these annual accounts by these standards.

IAS 16 (Revised) and IAS 38 (Revised) "Clarification of acceptable depreciation and amortization methods"

This amendment clarifies that it is not adequate to use methods based on ordinary income to calculate the depreciation of an asset because the ordinary income generated by an activity that includes the use of an asset generally reflects factors that are different from the consumption of the financial benefits deriving from the asset. The IASB also clarifies that it is generally presumed that ordinary income is an inadequate basis for measuring the consumption of the financial benefits deriving from an intangible asset. This revision will be effective for years commencing as from 1 January 2016 and will be applied prospectively. The amendment may be applied early.

There has been no impact on these annual accounts by these standards.

IFRS annual improvements. 2012 - 2014 cycle:

The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34 and will apply to years commencing on or after 1 January 2016, subject to being adopted by the European Union. The main amendments relate to:

- IFRS 5 "Non-current assets held for sale and discontinued operations" Changes in disposal methods.
- IFRS 7 "Financial instruments: Disclosures" Continued involvement with administration contracts.

IAS 19 "Employee benefits": Calculation of the discount rate on post-employment compensation obligations.

IAS 34 "Interim financial information": Information presented elsewhere in the interim financial statements.

The impact of the application of these standards has not been significant in these annual accounts.

IAS 1 (Revised) – "Disclosure Initiatives"

The amendments to IAS 1 encourage enterprises to apply professional judgment in determining what information to disclose in the financial statements. The amendments that have been applied clarify that the materiality level applies to the financial statements taken as a whole and the inclusion of immaterial information may impede the usefulness of that financial information. In addition, the amendments clarify that entities should use professional judgment to determine where and in what order the information is to be presented in the financial statements.

These amendments to IAS 1 may be applied immediately and are mandatory for years commencing on and after 1 January 2016.

The impact of the application of these standards has not been significant in these annual accounts.

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c.2) Standards, amendments and interpretations that have not entered into force on the date of preparation of these annual accounts

At the date these consolidated annual accounts were signed, the IASB and the IFRS Interpretations Committee had published the standards, amendments and interpretations listed below and which are mandatory starting in 2016, but have not been adopted early by the Group:

a) Standards, amendments and interpretations that have not yet entered into force but which may be adopted before the start of financial years commencing on or after 1 January 2016.

Standards, amendments and interpretations	Description	Applicable to years commencing on or after:
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Ordinary income from contracts with customers	1 January 2018

The Group is analyzing the impact that the new standard could have on its consolidated financial statements.

b) Standards, amendments and interpretations applied to existing standards may not be adopted early or have not been adopted to date by the European Union

Standards, amendments and interpretations	Description	Applicable to years commencing on or after:
IFRS 10 (Revised) and IAS 28 (Revised)	Sale or contribution of assets between an investor and its associates or joint ventures.	Undetermined
IFRS 16	Rent	1 January 2019
IAS 7	Initiative regarding disclosures	1 January 2017
IAS 12 (Revised)	Recognition of deferred tax assets due to unrealized losses	1 January 2017
IFRS 15 (Revised)	Clarifications of IFRS 15 “Revenue from contracts with customers”	1 January 2018
IFRS 2 (Revised)	Classification and measurement of share-based payments.	1 January 2018
IFRS 4 (Revised)	Applying IFRS 9 “Financial instruments” with IFRS 4 “Insurance contracts”	Undetermined
IAS 40 (Revised)	Transfers of investment property	1 January 2018
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

The Group has evaluated the impact of applying the future standards and believes that, except for IFRS 16 (the Group is evaluating the possible impact of the standard), the impact of the rest of the standards will not be material.

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IFRS annual improvements. Cycle 2014-2016:	Description	Applicable to years commencing on or after:
IFRS 1	First-time adoption of International Financial Reporting Standards	1 January 2018
IFRS 12	Disclosure of interests in other entities	1 January 2018
IAS 28	Investments in associates and joint ventures	1 January 2018

The Group is analyzing the impact that the standard/amendment could have on its consolidated financial statements.

d) Changes in scope

The changes in shareholdings in the following companies at 31 December 2016 and 2015 are as follows:

Companies	Percentage interest			
	Direct and indirect		Direct interest held by the Company (*)	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Newspapers-				
FEDERICO DOMENECH, S.A.	84.99%	83.68%	84.99%	83.68%
INVERSOR EDICIONES, S.L.	66.48%	66.31%	82.61%	82.62%
BANATU,S.L. (**)	-	50.49%	-	99.99%
COMECO GRÁFICO, S.L.U.	100%	-	100%	-
Audiovisual				
TELEDONOSTI, S.L.	75.81%	67.45%	100%	88.97%
PROVIRADIO,S.L.U. (**)	-	83.68%	-	100%
RADIO GADITANA 2005, S.L.U. (**)	-	100%	-	100%
Classifieds				
11870 INFORMACIÓN EN GENERAL, S.L.	-	35.57%	-	35.57%
Structure-				
CSC MADRID, S.L.U. (***)	-	100%	-	100%

(*) This percentage makes reference to the direct interest held by the Group company to which it pertains.

(**) Liquidated companies

(***) Merged companies

The main transactions carried out by the Group in 2016 are set out below:

- In September 2016 the group incorporated Comeco Gráfico, S.L.U. with an investment of €60 thousand.
- In June 2016 Desarrollo de Clasificados, S.L.U. sold the interest it held in 11870 Información en General, S.L., giving rise to a loss of €177 thousand.

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- In December 2016 Sociedad Vascongada de Publicaciones, S.A. acquired 100% of Teledonosti, S.L. through successive purchases during the year.

All other transactions did not have a significant effect on the consolidated income statement or consolidated equity.

The main transactions carried out by the Group in 2015 are set out below:

- In March 2015 an acquisition commitment was reached with the non-controlling shareholders of Federico Domenech, S.A., under which Comeresa Prensa S.L.U. acquires 4.10% of the shares in the company. The acquisition price was €6,150 thousand.

- In June 2015 the Group company Comeco Impresión, S.L.U. acquired 33.77% of the shares in Rotomadrid, S.L. for a price of €4,250 thousand. This transaction gave rise to a decline in the equity of non-controlling shareholders totaling €7,573 thousand.

- In September 2015 the Group company Veralia Contenidos Audiovisuales, S.L.U. sold all of the shares it held in Europorduzione, S.L.R.. This transaction gave rise to the exit of that company from the scope of consolidation and generated a capital loss of €1,255 thousand.

e) Consolidation principles

Scope

Vocento's consolidated annual accounts include all of the subsidiaries of Vocento, S.A.

Subsidiaries

Subsidiaries are all companies that the Group controls. The Group controls a company when it is exposed, or has a right, to variable returns due to its involvement in the investee company and has the capacity to influence those returns through the power to direct the company's activities. Subsidiaries are consolidated as from the date on which control is transferred to the Group. They cease to be consolidated as from the date on which that control is lost.

Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies followed by subsidiaries have been modified where necessary to ensure uniformity with policies adopted by the Group. The interest of non-controlling shareholders in the results and equity of subsidiaries is presented separately in the consolidated income statement, the consolidated statement of recognized income and expense, the consolidated statement of changes in equity and in the consolidated balance sheet, respectively.

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Associates

Associates are all companies over which the Group exercises significant influence but does not control individually or jointly. This is generally the case when the Group holds between 20% and 50% of voting rights.

Investments in associates are recorded using the equity method and are initially recognized at cost.

Joint arrangements

Under IFRS 11, Joint Arrangements, investments in joint arrangements are classified as joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, not necessarily the legal structure of the joint arrangement.

Vocento has joint operations and joint ventures.

Joint operations: The Group recognizes its direct right to assets, liabilities, income and expenses relating to joint operations and the portion to which it is responsible for any asset, liability, income or expense maintained or incurred on a joint basis. They have been included in the consolidated annual accounts under the appropriate headings. Details of joint arrangements are sent out under Note 12.

Joint ventures: Interests in joint ventures are recognized using the equity method after being initially recognized at cost in the consolidated balance sheet. Details of joint ventures are sent out under Note 11.

Equity method

Under the equity method investments are initially recognized at cost and then adjusted to proportionally recognize the investee's profits or losses subsequent to the acquisition and the Group's portion of the movements in the statement of recognized income and expense Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. When the portion of losses that pertain to the Group with respect to an investment recognized using the equity method is equal to, or exceeds, it's interest in the company, including any other non-current receivable that is not secured, the Group does not recognize any additional losses unless it has incurred obligations or made payments on behalf of the other company. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in those entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the value of the asset transferred. The accounting policies followed by investees recognized using the equity method have been modified where necessary to ensure uniformity with policies adopted by the Group.

Changes in the ownership stake

The Group recognizes transactions involving non-controlling shareholding transactions that do not result in the loss of control as transactions with the owners of the Group's equity. A change in an ownership stake results in an adjustment of the carrying amounts of the controlling and non-controlling shareholdings to reflect the relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling shareholdings and any consideration paid or received, is recognized in a separate reserve under Equity attributable to the owners of the Group. When the Group ceases to consolidate or use the equity method to recognize and investment due to a loss of control, joint control or significant influence, any retained interest in the entity is reappraised at fair value through changes in the carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of the subsequent recognition of the shareholding maintained as an associate, joint venture or financial asset. Furthermore, any amount previously recognized in respect of this entity is recognized as if the Group directly obtained the relevant assets or liabilities. This may mean that the previously recognized amounts under other overall results are reclassified to the income statement. If the stake in a joint venture or associate is reduced but joint control or significant influence is maintained, only the proportional stake in the previously recognized amounts in equity is reclassified to income when appropriate.

Business combinations

The Group is considered to be carrying out a business combination when the assets acquired and liabilities assumed constitute a business. The Group accounts for each business combination by applying the acquisition method, which entails identifying the acquirer, determining the acquisition date -which is the date on which control is obtained- and cost of acquisition, recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree and, lastly, recognizing and measuring the capital gain or profit.

The identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair value and any non-controlling interest is measured at fair value or the proportionate share held by that interest in the net identifiable assets.

The Group recognizes a capital gain or goodwill on the acquisition date for any excess of (a) over (b), where:

- (a): (i) the transferred consideration after a fair value at the acquisition date is measured.

  (ii) the amount of the non-controlling shareholding.

  (iii) If it is a business combination carried out by phases, the fair value at the acquisition date of the interest previously held by the Group (the difference between the preceding cost values is taken to the income statement).

- (b): The net amount of the acquired identifiable assets and the liabilities assumed.

In the event that there is no access, but rather (b) is higher than (a),the Group will again analyze all of the values to determine if there actually is an acquisition in very advantageous terms, in which case the difference will be taken to the income statement.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the subsidiary’s assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the investment retained in the aforementioned company are measured at their fair value at the date when control is lost and any gain or loss is recognized in profit or loss.

f) *Comparability*

As required by IAS 1, the information relating to 2016 contained in these notes to the consolidated annual accounts is presented, for comparison purposes, together with the information relating to 2015 and, accordingly, it does not constitute Vocento's consolidated annual accounts for 2015.

The heading "Other" under movements in equity in 2016 mainly includes the impact of the recalculation of the value of the investment in Distribuciones Papiro, S.L. Subsequent to the preparation of the Vocento accounts, Distribuciones Papiro, S.L. prepared its accounts and recognized an error from prior years that has an impact on the measurement of the investment totaling €453 thousand (Note 11).

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3. Applicable legislation

In 2010 Law 7/2010 (31 March), on General Audiovisual Communications and relating to the television and radio industry, basically amended the concession system and transformed the existing concessions into radio and television licenses.

Television

The Group has a presence in various areas, of which the essential parts are indicated below. Vocento's presence in the national digital land television industry is through its interest in Sociedad Gestora de Televisión Net TV, S.A. and the General Audiovisual Communications Act was applied to transform the concession into a license. The necessary authorization system has not changed and it continues to be necessary to obtain a license to render the television service.

Radio

The Group maintains two concessions to operate public radio broadcasts using digital land systems that are mutually compatible and nationally this is structured through to Group companies, with and without the capacity to make land disconnections. The Group also owns several radio broadcast licenses, especially in the FM band.

4. Measurement rules

The main measurement policies followed when preparing the consolidated annual accounts were as follows:

a) Goodwill

Goodwill on consolidation is calculated as explained in Note 2.e.

For the purposes of verifying impairment, the goodwill acquired in a business combination will be distributed among each of the cash generating units at the buyer as from the acquisition date and which are expected to benefit from the business combination synergies, regardless of whether or not other assets or liabilities from the acquired entity are assigned to those units or groups of units. The Directors of the Parent Company consider that the cash generating units coincide with the companies for these purposes.

At each accounting close an estimate is made as to whether there has been any impairment that may have reduced its recoverable amount to below the net cost recognized. If so, the appropriate write-down is charged against the heading "Write-downs of goodwill" in the consolidated income statement.

The recoverable amount is the higher of fair value less necessary selling costs and value-in-use, which is understood to be the present value of future estimated cash flows before taxes, based on the most recent budgets approved by the Directors. These budgets include the best available estimates of income and costs relating to the cash generating units using industry forecasts and future expectations.

These future projections cover the coming five years, including an adequate terminal value for each business using the fifth year as a base. Taking into account their past experience and no-how with respect to the various businesses, the Directors consider that given the evolution of the key variables in certain businesses the use of projections over a time horizon of five years may distort the analysis and, in such cases, the terminal value used is calculated based on specific projections that allow for the calculation of a normalized year which is used to calculate the terminal value.

The assumptions used for each business are based on a consensus of macro-economic estimates (evolution of GDP, inflation, etc.) as well as estimates of the development in the industry (paper and Internet advertising, written press, etc.) based on studies performed by entities of recognized prestige These flows are discounted to calculate their present value at a before tax rate, which reflects the average

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weighted cost of capital employed as adjusted to take into account the business risk affecting each cash generating unit. In the event that the recoverable amount is less than the asset's carrying amount, an impairment loss is recognized for the difference with a charge to the consolidated income statement.

Any impairment losses relating to goodwill cannot be subsequently reversed.

In the case of a disposal by other means of an activity within a cash generating unit to which goodwill has been assigned the carrying amount of that activity will include the previously assigned goodwill when determining the result deriving from the disposal.

b) Other intangible assets-

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed by the Group companies. They are initially recognized at acquisition or production cost in the heading "Non-current assets-Intangible Assets-Other intangible assets" in the consolidated balance sheet (Note 9), and they are subsequently measured at cost, less any accumulated amortization and impairment losses, and provided that it is likely that financial benefits will be obtained and their cost may be reliably measured.

The estimated useful lives applied in general in 2016 and 2015 were as follows:

	Estimated useful life
Computer software	2-5
Other intangible assets	3-10

The Directors consider that certain radio licenses acquired in 2009 through a business combination have an indefinite useful life since there is no foreseeable limit to the period over which those licenses may be expected to generate net inward cash flows since they are assets that the Group expects to control indefinitely. The carrying amount of those assets total €16,145 thousand (€16,145 thousand at 31 December 2015) (Note 9). The Group estimates the recoverable value of these licenses based on an appraisal of the radio business cash generating unit, supplemented by technical studies and the consideration is that there has been no impairment whatsoever in 2016.

<u>Intangible assets acquired separately</u>

These items match the cost incurred on their acquisition, and are amortized on a straight-line basis over the course of their estimated useful lives which is normally between two and five years.

<u>Internally generated intangible assets</u>

Expenditure on research activities is recognized as an expense in the year in which it is incurred.

The costs incurred when developing several projects are recognized as an asset provided that the following conditions are met:

- The expenditure is specifically identified and controlled by project and its distribution over time is clearly defined.

- The Directors may demonstrate the manner in which the project will generate future profits.

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- The cost of developing the asset including, if appropriate, the cost of the Group employees engaging in those projects, may be reliably evaluated.

The internally generated intangible assets that meet the conditions for capitalization are amortized on a straight-line basis over their useful lives.

When an internally generated intangible asset cannot be recognized, the development costs are recognized as an expense in the period in which they are incurred.

Film productions

This item is considered to be an internally generated intangible asset that complies with the capitalization criteria and therefore it is recognized as indicated in the preceding point.

The cost of completed productions is amortized on a straight-line basis over three years with the consideration that this is the approximate term over which income from them will be generated starting at the time at which they are in a position to produce income.

Film scripts

Scripts may be acquired or developed internally, and they are recognized as explained above. In both cases they are amortized in accordance with their estimated useful life.

Rights to distribute film productions

These items are intangible assets acquired from a third party and therefore the cost incurred is recognized. They are differentiated based on the target market, as follows:

- Television distribution

  These costs are recognized as intangible assets and they are amortized in accordance with the expected consumption pattern relating to the future financial benefit deriving from those rights, which is around five years.

- DVD distribution

  These costs are recognized under the heading "Trade and other receivables-Other receivables" (Note 15) since the term over which income will be generated and, therefore, the apportionment of expenses, is less than one year and they are taken to the income statement in accordance with the agreements concluded with producers.

c) Property, plant and equipment and real estate investments-

The elements that make up property, plant and equipment are stated at cost, which includes, in addition to purchase price, acquisition cost includes non-recoverable indirect taxes and any other costs related directly to the entry into service of the asset for its intended use (including interest and other borrowing costs incurred during the construction period).

In accordance with the exceptions provided by IFRS 1, certain assets acquired before 1 January 2004 are measured at restated cost in accordance with various legal provisions.

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Costs relating to extensions, modernization or improvements which increase productivity, capacity or efficiency, or extend the useful lives of the assets are capitalized as an increase in the cost of the assets concerned.

Period upkeep and maintenance expenses incurred during the year are charged to the consolidated income statement.

The Group depreciates property, plant and equipment on a straight-line basis by applying coefficients in accordance with the estimated useful lives of the items making up those assets.

The estimated useful lives applied in general in 2016 and 2015 were as follows:

	Estimated useful life
Buildings and other facilities	16-50
Plant and machinery	3-15
Other assets	3-15

The heading "Other plant, tooling and furnishings" (Note 10) includes €5,545 thousand relates to Patrimonio Histórico-Artístico de Diario ABC, S.L., and consists of a video and document archive and a collection of artwork and drawings by artists that have collaborated with the publications ABC and Blanco y Negro. In the opinion of consulted specialists, the residual value of that artistic patrimony exceeds the cost at which it is recognized in the consolidated balance sheet and therefore it is not depreciated.

The amount charged to expenses in 2016 and 2015 four property, plant and equipment depreciation is recognized under the heading "Amortization and depreciation" in the accompanying consolidated income statement.

d) *Impairment of assets other than goodwill*

At the end of each year, the Group analyzes the value of its non-current assets to determine whether there is any indication that those assets might have suffered an impairment loss. If there is any such indication, the recoverable amount for that asset is estimated in order to determine the amount of any write-down that is finally necessary. If concerning identifiable assets that on an individual basis do not generate cash flows, the Group estimates the recoverability of the cash generating unit to which the asset pertains.

The recoverable amount is the higher of market value less costs to sell and value in use,, which is taken to be the present value of the estimated future cash flows. In assessing value in use, the assumptions used in making the estimates include pre-tax discount rates, growth rates and expected changes in selling prices and costs. The Directors of the Parent Company estimate pre-tax discount rates that reflect the value of money over time and the risks associated with the cash-generating unit. The growth rates and the changes in selling prices and costs are based on in-house and industry forecasts and experience and future expectations, respectively.

If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognized for the difference with a charge to the consolidated income statement.

For the other financial assets, the Group considers the following to be objective indicators of impairment:

- financial difficulty of the issuer or significant counterparty;
- default or payment delays,

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- likelihood that the borrower will enter bankruptcy or a financial reorganization process.

Impairment losses recognized for an asset in prior years are reversed when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no write-down been applied.

e) Leases

The Group classifies leases as finance leases whenever the terms of the lease the lessor substantially transfers all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The assets acquired under finance leases are recognized under non-current assets as appropriate to their nature and function. Each asset is depreciated over their useful lives since the Group considers that there is no doubt that the ownership of those assets will be acquired when the finance lease term ends. The recognized value is the lower of the fair value of the least asset and the present value of the future payments deriving from the operation of the finance lease, crediting the heading "Bank borrowings" in the consolidated balance sheet.

Financial expenses arising on finance leases are recognized in the income statement unless they are directly attributable to a qualified asset, in which case they are recognized as an increase in the value of the asset financed by the finance lease (Note 10).

The expenses deriving from operating leases are attributed to the heading "External services" (Note 29) in the consolidated income statement over the life of the lease in accordance with the accruals principle.

f) Inventories

Inventories basically consist of paper for the printing of the newspapers and they are measured at the lower of their cost in accordance with the threefold method (first in first out) or their net realizable value. Commercial discounts, any other type of discounts or similar items are deducted from the acquisition price (Note 14).

The amount of the value discounts recognized in profit/loss for the year is recognized under the heading "Change in trade and other provisions" in the consolidated income statement.

g) Financial instruments

<u>Financial assets</u>

Financial assets are initially recognized at acquisition cost, including inherent transaction costs.

The Group classifies its current and non-current financial assets in the following four categories:

- Traded financial assets: These assets have certain of the following characteristics:

- The Group intends to generate a profit from short-term fluctuations in their prices.
- They have been included in this asset category since their initial recognition, provided that they are listed on an active market or their fair value may be reliably estimated.

The financial assets included in this category are stated in the consolidated balance sheet at fair value, and the changes in fair value are recognized under “Financial expense” and “Financial income”, as appropriate, in the consolidated income statement. The Group includes those derivative instruments

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that do not meet the conditions that are necessary to be considered to be an accounting hedge as stipulated by IAS 39 "Financial Instruments" in this category.

- Held-to-maturity financial assets. These are financial assets with fixed or determinable payments and a fixed maturity date that the Group intends to maintain until the date of maturity. The assets included in this category are measured at "amortized cost", and the interest income is recognized in the income statement on the basis of their effective interest rate, and they are subject to impairment tests. The amortized cost is understood to be the initial cost minus principal repayments, plus or minus the accumulated amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest rate is the discount rate that, at the date of acquisition of the asset, exactly matches the initial amount of a financial instrument to all its estimated cash flows of all kinds through its residual life.

- Loans and receivables. These are financial assets originated by the companies in exchange for supplying cash, goods or services directly to a debtor. The assets included in this category are also measured at amortized cost and are tested for impairment.

- Available-for-sale financial assets. These are financial assets not classified in any of the aforementioned three categories, nearly all of which relate to financial investments in equity. These assets are presented in the consolidated balance sheet at fair value, which in the case of unlisted companies, is obtained using alternative methods, such as comparison with similar transactions or, if sufficient information is available, by discounting expected future cash flows. Changes in this market value are recognized with a charge or a credit to “Equity - Unrealized Asset and Liability Revaluation Reserve” in the consolidated balance sheet until these investments are disposed of, at which time the accumulated balance of this heading relating to these investments is allocated in full to the consolidated income statement (Note 13.a).

  Those investments in the share capital of unlisted companies whose fair value cannot be reliably measured are recognized at acquisition cost.

The Directors decide on the most appropriate classification for each asset on acquisition and reviews the classification at the end of each year.

Impairment of financial assets

At each balance sheet date, the Group assesses whether there is objective evidence of impairment losses affecting a financial asset or group of financial assets. A financial asset or group of financial assets is impaired, and an impairment loss arises, if and only if there is objective evidence of the impairment as a result of one or more events taking place after the initial recognition of the asset (an "event" that causes the loss), and this event or events causing the loss have an impact on the future estimated cash flows relating to the financial asset or group of financial assets that may be reliably estimated.

In the case of investments in equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the instrument to a point below its cost is considered to be evidence that the asset has become impaired.

If a loan or an investment held to maturity bears variable interest, the discount rate used to calculate any impairment loss is the actual effective interest rate established in the contract. For practical purposes, the Group may calculate impairment based on the fair value of the instrument, using an observable market price. If subsequently the amount of the impairment decreases, and the decrease can be objectively attributed to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the impairment previously recognized is recorded in the consolidated income statement.

Impairment loss tests for receivables are described in Note 15.

Assets classified as available-for-sale: If there is any objective evidence of the impairment of available-for-sale financial assets, the cumulative loss determined as the difference between the acquisition cost and current fair value, less any impairment loss in that financial asset previously recognized in the income statement is eliminated from equity and recognized in the income statement. The impairment of the value of equity instruments that was recognized in the income statement for the year is not reversed through the income statement for a subsequent year. If, in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase may be objectively attributed to an event taking place after the impairment loss was recorded in the income statement, the impairment loss is reversed in the income statement.

Cash and cash equivalents

"Cash and Cash Equivalents" in the consolidated balance sheet includes cash on hand, demand deposits and other highly liquid short-term investments that can be readily realized in cash and are not subject to a risk of changes in value (see Note 16).

Financial liabilities and equity

Financial liabilities and equity instruments are classified in accordance with the content of the relevant agreements. An equity instrument is a contract that represents a residual share in the Group's equity The main financial liabilities maintained by the Group are held-to-maturity financial liabilities that are measured at amortized cost.

Debentures, bonds and bank borrowings

Loans, bonds and similar interest-bearing items are initially recognized at the amount received, net of direct issue costs, under "Bank Borrowings" in the consolidated balance sheet (Note 20). Borrowing costs are recognized on an accrual basis in the consolidated income statement using the effective interest method and they are aggregated to the carrying amount of the financial instrument to the extent that they are not settled in the year in which they arise. Also, obligations under finance leases are recognized at the present value of the lease payments under this consolidated balance sheet heading.

Should any existing liabilities be renegotiated, no substantial modification to financial liabilities is deemed to exist when the new lender is the same party that granted the initial loan and the present value of cash flows, including net commissions, does not differ by more than 10% of the present value of the cash flows pending payment with respect to the original liability calculated using the same method.

Trade payables

Trade payables are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method (Note 19).

Categories of financial assets at fair value

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Below is an the analysis of the financial instruments which at 31 December 2016 and 2015 were measured at fair value subsequent to their initial recognition, classified in categories 1 to 3, depending on the fair value measurement method:

- Category 1: their fair value is obtained from directly observable quoted prices in active markets for identical assets and liabilities.
- Category 2: their fair value is determined using observable market inputs other than the quoted prices included in category 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Category 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2016 Thousand euro			
	Category 1	Category 2	Category 3	Total
Marketable financial liabilities				
Financial derivatives (Note 21)		(2,317)		(2,317)
Total	-	**(2,317)**		**(2,317)**

	Fair value at 31 December 2015 Thousand euro			
	Category 1	Category 2	Category 3	Total
Marketable financial liabilities	-	(2,984)	-	(2,984)
Financial derivatives (Note 21)				
Total	-	**(2,984)**	**-**	**(2,984)**

List of financial assets and liabilities

At 31 December 2016 and 2015 the Company holds the following financial assets and liabilities:

31 December 2016 (Thousand euro)			
Financial assets	**Loans and receivables and other**	**Available for sale**	**Total**
Non-current securities portfolio	-	3,208	3,208
Other non-current financial investments	815	-	815
Other non-current receivables	4,164	-	4,164
Trade and other receivables	92,356	-	92,356

Cash and cash equivalents	21,709	-	21,709
Total	**119,044**	**3,208**	**122,252**

31 December 2015 (Thousand euro)			
Financial assets	**Loans and receivables and other**	**Available for sale**	**Total**
Non-current securities portfolio	-	3,501	3,501
Other non-current financial investments	736	-	736
Other non-current receivables	4,765	-	4,765
Trade and other receivables	92,063	-	92,063
Cash and cash equivalents	19,348	-	19,348
Total	**116,912**	**3,501**	**120,413**

31 December 2016 (Thousand euro)				
Financial liabilities	**Liabilities at fair value through changes in profit or loss**	**Hedge derivatives**	**Other financial liabilities at amortized cost**	**Total**
Trade and other payables	-	-	90,039	90,039
Bank borrowings	-	-	80,528	80,528
Derivative financial instruments	49	2,268	-	2,317
Other non-current payables	-	-	16,085	16,085
Total	**49**	**2,268**	**186,652**	**188,969**

31 December 2015 (Thousand euro)				
Financial liabilities	**Liabilities at fair value through changes in profit or loss**	**Hedge derivatives**	**Other financial liabilities at amortized cost**	**Total**
Trade and other payables	-	-	105,599	105,599
Bank borrowings	-	-	117,282	117,282

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(Thousand euro)

Derivative financial instruments	95	2,889	-	2,984
Other non-current payables	-	-	19,665	19,665
Total	**95**	**2,889**	**242,546**	**245,530**

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Financial derivatives and hedging operations

Financial derivatives are initially recognized at their acquisition cost in the consolidated balance sheet as assets and liabilities and subsequently the required measurement adjustments are made to reflect their fair value at all times (Note 21). Gains and losses arising from these changes are recognized in the consolidated income statement, unless the derivative has been designated as a hedge instrument.

- Fair value hedge:

In the case of fair value hedges, changes in the fair value of the derivative financial instruments designated as hedges and changes in the fair value of a hedged item due to the hedged risk are recognized with a charge or credit, as appropriate, such that the headings "Financial income" and "Financial expense" include, respectively, the income or expense accrued jointly by the hedged item and the hedge instrument.to the consolidated income statement.

- Cash flow hedge:

In the case of cash flow hedges, the changes in the fair value of the hedging derivatives are recognized, in respect of the ineffective portion of the hedges, in the consolidated income statement, and the effective portion is recognized under "Reserves - Unrealized Asset and Liability Revaluation Reserve" in the consolidated balance sheet.

Derivatives embedded in other financial instruments are recognized separately when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not stated at fair value, and the changes in value are recognized with a charge or a credit to the consolidated income statement.

When hedge accounting is discontinued, any cumulative loss or gain at that date recognized under "Reserves - Unrealized Asset and Liability Revaluation Reserve" is retained under that heading until the hedged transaction occurs, at which time the loss or gain on the transaction will be adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognized under the aforementioned heading is transferred to the consolidated income statement. In order for these financial instruments to be classified as accounting hedges, they are initially designated as such and the hedge relationship is documented. In addition, Vocento initially, and regularly thereafter over the course of its life (at least at the end of each year), verifies that the hedging relationship is effective, i.e. that it can be expected, on a prospective basis, that changes in fair value or in the cash flows from the hedged item (attributable to the hedged risk) will be almost completely offset by the hedging instrument and, on a retrospective basis, the results of the hedge ranged between 80% and 125% with respect to the result of the hedged item.

The market value of the various financial instruments is calculated as follows:

- The market value of derivatives listed on an organized market is their market price at year-end.

- To measure derivatives not traded on an organized market, the Group uses assumptions based on year-end market conditions. Specifically, the market value of the interest rate swaps is calculated as the adjusted market interest rate value of the spread on swap rates.

i) Classification of assets and liabilities as current and non-current

In the accompanying consolidated balance sheet, financial assets and liabilities are classified based on their maturity dates, i.e., as current when they mature in 12 months or less and as non-current when they mature in more than that time.

j) Pension and indemnity commitments

Defined-benefit contributions are recognized under the heading "Personnel expenses" in the accompanying consolidated income statement and will originate a long-term remuneration liability to personnel when, at the end of the year, accrued contributions that have not been satisfied are recognized. That liability will be measured at the year-end at the present value of the best estimate available of the amount that will be necessary to cancel or transfer the obligation to a third-party (Notes 18 and 22).

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes these benefits when it has demonstrably shown its commitment to dismiss the workers, on the basis of a formal detailed plan that cannot be withdrawn, or to provide indemnities for dismissals as a result of an offer to encourage workers to resign voluntarily. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted to present value.

k) Parent company treasury shares

All of the shares in the Parent Company owned by consolidated companies are recognized at their acquisition cost and are presented as a reduction in the heading "Equity-Treasury shares in the portfolio" in the consolidated balance sheet (Note 17).

Any gains or losses obtained by Vocento on the disposal of these treasury shares are also recognized in the heading "Reserves-Voluntary reserves" in the accompanying consolidated balance sheet.

l) Provisions

A distinction is drawn between:

- Provisions: present obligations at the balance sheet date arising from past events which are uncertain as to their amount and/or timing.

- Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the consolidated companies; or possible obligations, whose occurrence is unlikely or whose amount cannot be reliably estimated.

The Group's consolidated financial statements include all the material provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled and whose amount can be measured reliably. Contingent liabilities are not recognized in the consolidated annual accounts but rather are disclosed, except for those which arise in business combinations (see Notes 2.e and 18).

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are re-estimated at the end of each financial year, are used to cater for the specific obligations for which they were originally recognized. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

m) Capital grants

The Group accounts for capital grants received as follows:

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- Capital grants: These items are measured at the amounts of the grant, recognized as deferred income and taken to the income statement in proportion to the depreciation applied during the year to the assets financed by the grants.

- Operating grants: Non-repayable grants relating to specific expenses are recognized in the consolidated income statement in the same year in which the relevant expenses accrue together with those granted to offset operating deficits during the year granted.

In 2016 and 2015 the Group took €818 thousand and €444 thousand, respectively to the income statement, crediting the heading "Other income" in the accompanying consolidated income statements for 2016 and 2015.

n) Income recognition.

Income from the sale of goods

The Group primarily sells newspapers, magazines, promotional products or television programs and the income obtained is calculated at the fair value of the consideration received or to be received for the items delivered within the ordinary framework of the business, less any discounts, VAT and other taxes.

Sales of goods are recognized when substantially all inherent risks and advantages have been transferred.

Income from services rendered

The primary services rendered by Vocento include the distribution of the press and other products, the sale of advertising space, the printing of newspapers, Internet connection services or technical advisory services regarding audiovisual productions. The income deriving from the rendering of these services is calculated at the fair value of the consideration received or to be received, less any discounts, VAT and other taxes, and is recognized based on the degree to which the complete service has been rendered.

If the final income cannot be reliably estimated, it is only recognized in the amount of recognized expenses that are considered to be recoverable.

Income from the assignment of rights

This income is recognized on an accruals basis in accordance with the substance of the agreement, provided that it is likely that income will be obtained and may be reliably estimated.

Income from the assignment of film projection rights

This income is recognized on a straight-line basis over the term of the assignment agreement and therefore advance payments relating to this income are recognized in the heading "Trade and other payables" in the consolidated balance sheet (Note 19).

Income from television productions

This income is considered to be from the rendering of services.

The Group recognizes this income based on the degree of completion and the final estimated margin based on the agreed selling price.

Interest and dividend income

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Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest method, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognized when the shareholders' right to receive payment has been established.

o) Volume discounts

The Group grass volume discounts to customers, essentially advertising agencies, based on sales made and they the relevant expenses are apportioned at the end of each year on an accrual basis.

The payable deriving from the aforementioned volume discounts is recognized under the heading "Current liabilities-Trade and other payables" on the liability side of the consolidated balance sheet (Note 19). The amount of the volume discount is offset against receivables from the relevant advertising agency and, consequently, are presented as a reduction in the balance of "Current assets-Trade and other receivables" in the consolidated balance sheet (Note 15).

p) Income tax

Corporate income tax expense is recognized in the consolidated income statement, except when deriving from a transaction whose results is recorded directly in equity, in which case the relevant tax is also recorded under equity.

The income tax expense is accounted for using the balance sheet liability method. This method consists of determining deferred tax assets and liabilities on the basis of the differences between the carrying amounts of assets and liabilities and their tax base, using the tax rates that can objectively be expected to apply when the assets are realized and the liabilities are settled (Notes 23 and 24).

Deferred tax assets and liabilities arising from direct charges or credits to equity accounts are also accounted for with a charge or credit to equity.

Deferred tax liabilities are recognized for all tax timing differences, unless the timing difference derives from the initial recognition of goodwill whose amortization cannot be deducted for tax purposes or from the initial recognition (except in a business combination) of other assets and liabilities in a transaction that does not affect book or reported results.

Vocento recognizes deferred tax assets provided that it expects to have sufficient taxable profits in the future against which they may be offset.

Double taxation and other tax credits and tax relief earned as a result of economic events occurring in the year are deducted from the income tax expense, unless there are doubts as to whether they can be realized.

In accordance with IFRS deferred taxes are classified as non-current assets or liabilities even if the estimation is that they will be realized in the coming 12 months.

Income tax expense represents the sum of the income tax expense for the year and any change in recognized deferred tax assets and liabilities that are not recorded under equity (Note 23).

At the time of each accounting closing, deferred tax assets and liabilities are reviewed in order to verify that they remain in force and any relevant adjustments are made in accordance with the results of the analysis performed.

All recognized deferred tax assets and liabilities are recorded at the present nominal rate for the year in which they will be settled with the respective tax authorities.

p) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding during the year, excluding the average number of shares in the Parent Company held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares of the Company. For such purposes, conversion is deemed to take place at the start of the period or when the potentially dilutive ordinary shares are issued, where they have become outstanding during the period in question.

In the case of the Group's consolidated annual accounts for 2016 and 2015, basic earnings per share coincide with diluted earnings per share, since there were no potential shares outstanding in those years (Note 33).

q) Balances and transactions denominated in foreign currency

The Group's functional currency is the euro. As a result, transactions in currencies other than the euro are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the transaction dates.

At each consolidated balance sheet date, monetary assets and liabilities denominated in foreign currency are converted at the rates in force at the balance sheet date. Gains or losses are taken directly to the consolidated income statement.

Balances denominated in foreign currency recognized at 31 December 2016 and 2015 and transactions in foreign currency carried out in 2016 and 2015 are not significant (Note 6).

r) Consolidated cash flow statements

The terms employed in the consolidated cash flow statements have the following meanings:

- Cash flows: change in the heading "Current assets-Cash and cash equivalents".

- Operating activities: the Company's typical activities as well as others that cannot be classified as investing or financing activities, including income tax and other taxes.

- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.

- Financing activities: activities that alter the amount and structure of equity and liabilities that are not operating activities.

s) Disposal groups of items and assets held-for-sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use, for which they must be available for immediate sale in their present condition and their sale must be highly probable.

For the sale of an asset or disposal group to be highly probable, the following conditions must be met:

- Vocento must be committed to a plan to sell the asset or disposal group.

- An active program to locate a buyer and complete the plan must have been initiated.

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- The asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value.

- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale.

- It is unlikely that significant changes to the plan will be made.

Assets and disposal groups classified as held-for-sale are measured in the consolidated balance sheet at the lower of their carrying amount and fair value, less selling costs (Note 7). Also, non-current assets are not depreciated while they are classified as held for sale.

t) Profit/(loss) from discontinued operations

A discontinued operation is a business that has been sold or otherwise disposed of, or that has been classified as held-for-sale (Note 4.u) whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes.

5. Responsibility for the information and estimates made

The information in these consolidated financial statements is the responsibility of Vocento's Board of Directors.

When measuring some of the assets, liabilities, income, expense and commitments in the consolidated annual accounts for 2016 the group has occasionally relied on estimates made by the senior executives of the Parent Company and the consolidated companies and subsequently ratified by the Group Directors. The most significant estimates basically refer to:

- Impairment losses affecting certain assets: the primary risk of asset impairment at the Group relates to the goodwill acquired in business combinations (Notes 4.a and 8) and tax-loss carry forwards and deductions yet to be offset (Notes 4.o and 23).

- Provisions and contingent liabilities (Notes 4.j, 4.l and 18).

- At the year-end the Group analyzes its accounts receivable and, on the basis of its best estimates, quantifies the amount thereof that could be uncollectible (Notes 4.g and 15).

Although these estimates were made on the basis of the best information available at 31 December 2016 on the events analyzed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the related consolidated income statements.

6. Risk management policies

Vocento is exposed to certain financial risks that it manages by grouping together risk identification, measurement, concentration limitation and oversight systems. Vocento's corporate management and the business units coordinate the management and limitation of financial risks through the policies approved at the highest executive level, in accordance with the established rules, policies and procedures. The identification, assessment and hedging of financial risks are the responsibility of each business unit.

Potential risks relating to financial instruments used by the Group and the information relating to these instruments is set out below:

- Exchange rate risk

(Thousand euro)

At 31 December 2016 and 2015 there are no payables denominated in foreign currency. There is a trade receivable totaling $451 thousand ($348 thousand at 31 December 2015).

- Interest rate risk

Interest rate fluctuations affect the fair value of assets and liabilities that bear a fixed rate of interest and future flows of assets and liabilities that bear a floating rate of interest.

The objective of interest rate management is to attain a balance in the debt structure that allows the aforementioned risks to be minimized together with the cost of the debt.

The structure of the nominal value of bank borrowings and credit facilities at 31 December 2016 and 2015, making a distinction between fixed and variable rate items, is as follows:

	Thousand euro	
	2016	2015
Fixed interest rate	399	827
Variable interest rate	82,354	119,690
Total	**82,753**	**120,517**

The Group partially mitigates (in the amount of €58,137 thousand of the total bank borrowings at 31 December 2016) the interest rate risk through the use of financial derivatives (€71,991 thousand at 31 December 2015) (Notes 20 and 21).

The composition of bank deposits is as follows:

	Thousand euro	
	2016 (*)	2015 (*)
Fixed interest rate	760	1,085
Variable interest rate	-	-
Total (Note 16)	**760**	**1,085**

(*) Accrued interest not collected is excluded.

The Group has €20,931 thousand in cash (€18,243 thousand in 2015) (Note 16), of which €344 thousand is held in sight bank accounts that bear a market rate (€2,588 thousand at 31 December 2015).

Finally, current and non-current payables include the following amounts with an embedded financial cost:

	Thousand euro	
	2016	2015
Other non-current payables (Note 22)	**1,492**	**2,352**
Indemnities pending payment	1,375	2,287
Other	117	65
Trade and other payables (Note 19)	**1,782**	**2,508**
Liabilities for old benefits for employees	-	1,031
Indemnities pending payment	1,082	1,473
Other	700	4
Total	**3,274**	**4,860**

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(Thousand euro)

- Credit risk

Given its business the Group maintains balances with a very large number of customers (Note 15).

In addition to the analysis explained in Note 4.g, certain Group companies cover credit risk by maintaining surety policies to reduce the risk of insolvency. For this reason the Parent Company Directors consider that there is no significant unrecognized risk of insolvencies affecting receivables at 31 December 2016 and 2015.

Excluding the insurance that the Group currently has, the potential total credit risk amounts to €84,006 thousand and €80,604 thousand at 31 December 2016 and 2015, respectively (Note 15).

- Liquidity risk

The Group maintains a liquidity policy that combines its cash position with the available line of credit granted by certain financial institutions as part of the syndicated financing transaction (Note 20), in accordance with its projected cash needs, and the situation of that and capital markets.

Notes 20 and 21 show the contractual maturity dates for bank borrowings relating to financing transactions and derivatives, respectively. Note 16 shows the Group's cash position.

At 31 December 2016 the Company records positive working capital totaling €11,296 thousand, which is a reversal of the situation existing at 31 December 2015 when it recorded negative Goodwill totaling €6,459 thousand. In 2015 the Directors believed that there were no short-term liquidity problems due to the projected generation of cash by group companies in the coming year since the Group had, and continues to have, available lines of credit (Note 20).

The contractual flows of financial liabilities are shown below together with their maturity dates:

31.12.2016					
Financial liabilities	**2017**	**2018**	**2019**	**2020 and beyond**	**Total**
Trade and other payables	90,039	-	-	-	90,039
Bank borrowings	21,342	21,176	45,710	2,376	90,604
Other non-current payables	41	3,734	3,143	9,262	16,180
Total financial liabilities	**111,422**	**24,910**	**48,853**	**11,638**	**196,823**

31.12.2015					
Financial liabilities	**2016**	**2017**	**2018**	**2019 and beyond**	**Total**
Trade and other payables	105,599	-	-	-	105,599
Bank borrowings	27,356	21,291	25,526	58,259	132,432
Other non-current payables	1,008	3,439	3,109	12,222	19,778
Total financial liabilities	**133,963**	**24,730**	**28,635**	**70,481**	**257,809**

7. Profit/(loss) on discontinued operations and assets held-for-sale

In 2016 and 2015 there were no transactions classified as discontinued operations.

(Thousand euro)

8. Goodwill

The composition and movements in this consolidated balance sheet heading in 2016 and 2015 are as follows:

	Thousand euro										
	Balance at 12/31/2014	Additions (Notes 2.d and 32)	Write-downs	Disposals (Note 2.d)	Other movements	Balance at 31/12/15	Additions	Write-downs	Disposals (Note 2.d)	Other movements (Note 13.a)	Balance at 31/12/16
Newspapers -											
Taller de Editores, S.A.	4,225	-	-	-	-	4,225	-	-	-	-	4,225
La Verdad Multimedia, S.A.	2,349	-	-	-	-	2,349	-	-	-	-	2,349
Corporación de Medios de Andalucía, S.A.	2,043	-	-	-	-	2,043	-	-	-	-	2,043
Corporación de Medios de Extremadura, S.A.	1,005	-	-	-	-	1,005	-	-	-	-	1,005
El Norte de Castilla, S.A.	1,964	-	-	-	-	1,964	-	-	-	-	1,964
Sociedad Vascongada de Publicaciones, S.A.	3,347	-	-	-	-	3,347	-	-	-	-	3,347
Federico Doménech, S.A.	47,056	-	(3,350)	-	-	43,706	-	(1,150)	-	-	42,556
El Comercio, S.A.	127	-	-	-	-	127	-	-	-	-	127
Desde León al Mundo, S.L.	178	-	-	-	-	178	17	-	-	-	195
Audiovisual -						-					9,001
Veralia Contenidos Audiovisuales, S.L.U.	9,528	-	-	(527)	-	9,001	-	-	-	-	-
Veralia Distribución de Cine, S.A.U.	16,856	-	(2,000)	-	-	14,856	-	(1,350)			13,506
Teledonosti, S.L.	204	-	-	-	-	204	-				204
Las Provincias Televisión, S.A.U.	93	-	-	-	-	93	-	-	-	-	93
Classifieds-											
Habitatsoft, S.L.U.	1,597	-	-	-	-	1,597	-	-	-	-	1,597
Infoempleo, S.L.	2,326	-	-	-	-	2,326	-	-	-	-	2,326
Autocasión Hoy, S.A.	2,976	-	-	-	-	2,976	-	-	-	-	2,976
Gross total	**95,874**	-	**(5,350)**	**(527)**	**-**	**89,997**	17	**(2,500)**	**-**	**-**	**87,514**

The cash generating units coincide with companies, except for the cash generating unit formed by the companies Radio Publi, S.L. and Onda Ramblas, S.A.U. There is goodwill relating to this cash generating unit assigned to intangible assets with an indefinite useful life totaling €16,145 thousand (€16,145 thousand at 31 December 2015) (Notes 5 and 9).

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Analysis of the recoverability of goodwill

As indicated in Note 4.a, each year the Group assesses whether it's goodwill has become impaired. The summary of the analysis performed by Directors on the most significant goodwill is as follows:

- **Federico Domenech, S.A.**

The Group has calculated its value-in-use based on the restated value of projected cash flows. The key assumptions used were as follows:

Calculation of cash flows

Given the various businesses that make up the cash generating unit (press, online publishing, etc.), the Directors have applied growth rates that they consider to be in line with each one of those businesses, in accordance with both external sources (growth projections for the written press and Internet media sector, situation of competitors, public information regarding the sector, etc.) and internal sources (similar companies within the Group). It mainly took into consideration the expected situation of the advertising market, the written press sector and the development of the on-line business over the coming five years of (Note 4.a). The key variables on which the Directors have based their calculation of the value-in-use of the business of Federico Domenech, S.A. in accordance with future projections are as follows:

- Evolution of the advertising market: the Directors have taken into consideration and approximate annual rate of 2% projected advertising growth during the period for the publishing activity and 9.1% in the online activity (1% and 8.7%, respectively, in 2015), including both the evolution of the market itself as well as events having an impact on Federico Domenech, S.A., but at no time are advertising levels similar to those in 2007 attained. There is also a forecast for a gradual increase in the weight of online advertising in the mix of advertising income. The Directors have taken into consideration internal analyses and market reports when making these estimates.

- Sale of copies: a reduction in the number of copies sold is projected at an approximate annual rate ranging between -5% and -2% over the coming years (-6% and -4% in 2015). The decline in the number of copies sold is offset by the increase in the price of those copies, which leads to the income on the sale of copies being maintained or slightly declining.

- Evolution of other operating income and expense: a reduction in other income is expected, primarily due a decline in promotional efforts. The estimates of operating expenses reflect the costs of transitioning the written press business to the on-line business.

As a result of all of the above, the estimated future cash flows in 2016 (including that for the year at a normalized rate), are slightly less than those taken into consideration in 2015.

Calculation of the restated value of cash flows

The preceding cash flows have been discounted using before-tax rates, calculated as the weighted average cost of capital (WACC), using comparable companies as a reference. Those discount rates range between 10% and 12% (10% and 12% in 2015) for the different businesses that make up the cash generating unit (7.5% and 9% after taxes in 2016 and 7.5% and 9% in 2015), which are equal to those used in 2015 as a result of the market situation. Due to the current future inflation and growth expectations, cash flows after the fifth year have been extrapolated using growth rates of between 1.5% and 2.5% (1.5% and 2.5% in 2015).

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Based on the assumptions taken into consideration the Group has recognized impairment affecting this cash generating unit totaling €1,150 thousand and €3,350 thousand in 2015.

To determine the sensitivity of the value-in-use to changes in the basic assumptions, the following scenarios have been analyzed on an individual basis regarding the impairment losses affecting the goodwill assigned to them:

- Scenario 1: Reduction of advertising growth by 5%.
- Scenario 2: Reduction in income from the sale of copies by 15%.
- Scenario 3: Increase in the discount rate by 1%.
- Scenario 4: Reduction in the perpetual growth rate of up to 1%.

The impact of the preceding scenarios would give rise to an additional impairment of goodwill of between €3.5 million and €6.4 million.

- **Veralia Contenidos Audiovisuales, S.L.U.**

In the case of Veralia Contenidos Audiovisuales, S.L.U. the Group has calculated the value-in-use based on cash flow projections, basically by taking into consideration the expected Evolution of the audiovisual market and the Company's market share, as well as the evolution of margins on productions over the coming 5 years, discounted using pre-tax rate calculated as the weighted average cost of capital (WACC) using comparable companies as a reference. This discount rate was 10% (10.32% in 2015) (7.5% after taxes in 2016 and 7.74% in 2015), which are slightly less than those used in 2015 as a result of the market situation. The cash flows after the fifth year have been extrapolated using a 2% growth rate (2% in 2015), which the Directors consider to be reasonable for the long-term growth of the businesses concerned.

Based on productions already contracted and the concentration of invoicing, each year the Directors re-estimate the projection of income and expenses relating to the audiovisual business over the next few years.

In accordance with the assumptions applied, and also taking into consideration the situation of the audiovisual market, the Group has not considered it necessary to recognize any additional impairment in this respect in 2016 or 2015.

To determine the sensitivity of the value-in-use to changes in the basic assumptions, the following scenarios have been analyzed on an individual basis without there being any significant additional impairment losses affecting the goodwill assigned to any of them:

- Scenario 1: Reduction of expected income volume by 15%.
- Scenario 2: Increase in the discount rate by 1%.
- Scenario 3: Reduction in the perpetual growth rate of up to 1%.

- **Veralia Distribución de Cine, S.L.U.**

In the case of Veralia Distribución de Cine, S.L.U., the Group has prepared an individual analysis of the cash flow that is generated by each film in each possible sales window (sales to television stations, DVD, video on demand, online video platforms, etc.), based on contracts already concluded, past sales and the market situation, up until the expiration date of its rights. The cash flow is discounted at a pre-tax rate calculated as the weighted average cost of capital (WACC) using comparable companies as a reference. This rate is 10% (10.32% in 2015) (7.5% after taxes in 2016 and 7.74% in 2015).

In accordance with this calculation the Group recognized the impairment of the goodwill relating to this cash generating unit totaling €1,350 thousand in 2016.

Due to the fact that the film catalog of Veralia Distribución de Cine, S.L.U. is currently not being expanded, the amounts received over the coming years will gradually reduce the value of this catalog.

- **The rest of the cash generating units**

The recoverable amount from the cash generating units associated with the goodwill has been measured using the value-in-use method (Note 4.a). That value-in-use has been calculated based on cash flow projections that represent the best estimates for at least 5 years (with a normalized year the calculation of the residual value), as well as by applying discount rates that are in accordance with the risks associated with the business being analyzed.

Cash flows for the periods following those covered by the projections have been extrapolated using constant growth rates, which the Directors considered do not exceed the average long-term growth in the sector in which those companies operate, which fall between 0% and 2.5% in 2016, as was the case in 2015. The before-tax discount rates used to calculate the value-in-use of the various businesses range between 10% and 12% (7.5% and 9% after taxes) in 2016 and between 10% and 12% (7.5% and 9% after taxes) in 2015.

In order to determine the sensitivity of the value-in-use to changes in key assumptions, the Directors have analyzed the impact that the changes would have on the aforementioned key assumptions, and there are no significant impairment losses affecting goodwill.

(Thousand euro)

9. Other intangible assets

The summary of the transactions recognized in this consolidated balance sheet heading in 2016 and 2015 are as follows:

	Thousand euro									
	Balance at 12/31/2014	Additions and allocations	Increase/(decrease) due to transfers	Disposals, write-offs or reductions	Changes in scope of consolidation (Note 2.d)	Balance at 31/12/15	Additions and allocations	Increase/(decrease) due to transfers	Disposals, write-offs or reductions	Balance at 31/12/16
COST										
Industrial property rights	26,932	9	-	(93)	(81)	26,767	169	462	(129)	27,269
Computer software	58,868	4,483	849	(24,592)	(22)	39,586	4,250	244	(817)	43,263
Scripts and projects	4,358	21	-	-	(251)	4,128	41	42	-	4,211
Development expenses	871	40	(224)	(139)	-	548	10	-	-	558
Film production distribution Rights	154,742	115	-	-	-	154,857	-	-	-	154,857
Film productions	18,708	42	-	-	-	18,750	-	45	-	18,795
Prepayments for intangible assets in progress	943	763	(625)	-	-	1,081	358	(748)	-	691
Total cost	**265,422**	**5,473**	**-**	**(24,824)**	**(354)**	**245,717**	**4,828**	**45**	**(946)**	**249,644**
ACCUMULATED AMORTIZATION										
Industrial property rights	(8,080)	(67)	-	87	80	(7,980)	(158)	-	12	(8,126)
Computer software	(50,348)	(4,280)	(65)	24,591	19	(30,083)	(4,752)	-	817	(34,018)
Scripts and projects	(4,266)	(56)	-	-	240	(4,082)	(33)	-	-	(4,115)
Development expenses	(640)	(61)	65	139	-	(497)	(35)	-	-	(532)
Film production distribution rights	(125,768)	(3,910)	-	-	-	(129,678)	(2,762)	-	-	(132,440)
Film productions	(18,708)	(2)	-	-	-	(18,710)	(14)	(45)	-	(18,769)
Total accumulated amortization	**(207,810)**	**(8,376)**	**-**	**24,817**	**339**	**(191,030)**	**(7,754)**	**(45)**	**829**	**(198,000)**
IMPAIRMENT	**(19,246)**	**-**	**-**	**-**	**-**	**(19,246)**	**-**	**-**	**-**	**(19,246)**
Total net cost	**38,366**	**(2,903)**	**-**	**(7)**	**(15)**	**35,441**	**(2,926)**	**-**	**(117)**	**32,398**

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The amount of fully amortized intangible assets still being used at 31 December 2016 is €140,421 thousand (€131,311 thousand at 31 December 2015).

The write-offs recorded at 31 December 2015 in the heading "Computer software" in the preceding table relate to applications that are no longer in use at the Group and they have all been fully amortized. Additions of computer software relate to developments carried out for the Group's business.

In 2016 the Group sold 3 regional television licenses, on which it obtained a capital gain of €1,200 thousand. Those licenses were capitalized without a carrying amount.

At 31 December 2016 the Group did not have any commitments to acquire any significant intangible assets.

The Group estimates the recoverable value of licenses with an indefinite useful life based on appraisals prepared using after-tax discounted cash flows from the radio business cash generating units totaling 8.5% (8.5% in 2015) and a 2% growth rate (2% in 2015), supplemented by technical assessments, and the consideration is that there has been no impairment whatsoever during 2016 and 2015.

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Vocento, S.A. and Subsidiaries

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014
(Thousand euro)

10. Property, plant and equipment and investment properties

The summary of the transactions recognized in these consolidated property, plant and equipment balance

	Thousand euro								
	Balance at 12/31/2014	Additions and allocations	Increase/(decrease) due to transfers	Disposals, write-offs or reductions	Transfers held for sale (**)	Changes in scope of consolidation (Note 2.d)	Balance at 31/12/15	Additions and allocations	Disposals, write offs or reductio
COST									
Land, buildings and other Buildings	161,026	37	(2,064)	(413)	(62)	-	158,524	261	(19,77
Plant and machinery	216,179	349	(475)	(27,240)	(23,455)	-	165,358	273	(1,62
Fixtures, fittings, tools and equipment	69,655	1,403	82	(9,008)	(1,304)	(195)	60,633	734	(15,56
Other fixed assets	39,808	636	479	(21,932)	(730)	(55)	18,206	730	(4,75
Advance payments and fixed assets and equipment under construction	184	695	(86)	-	-	-	793	1,651	
Total cost	**486,852**	**3,120**	**(2,064)**	**(58,593)**	**(25,551)**	**(250)**	**403,514**	**3,649**	**(41,72**
ACCUMULATED DEPRECIATION									
Buildings and other facilities	(57,166)	(2,993)	591	413	16	-	(59,139)	(2,943)	9,19

sheet headings in 2016 and 2015 is as follows:

(Thousand euro)

Plant and machinery	(171,379)	(5,223)	469	27,201	21,990	-	(126,942)	(4,872)	1,14
Fixtures, fittings, tools and equipment	(53,607)	(2,325)	(1)	9,002	1,094	179	(45,658)	(2,205)	14,24
Other fixed assets	(37,177)	(994)	(468)	21,939	499	53	(16,148)	(834)	3,44
Total accumulated depreciation	**(319,329)**	**(11,535)**	**591**	**58,555**	**23,599**	**232**	**(247,887)**	**(10,854)**	**28,03**
IMPAIRMENT	**(6,660)**	**-**	**139**	**-**	**(5)**	**-**	**(6,526)**	**-**	**49**
Total net cost	**160,863**	**(8,415)**	**(1,334)**	**(38)**	**(1,957)**	**(18)**	**149,101**	**(7,205)**	**(13,204**

	Thousand euro							
	Balance at 12/31/2014	Additions and allocations	Increase/(decrease) due to transfers	Disposals, write-offs or reductions	Changes in scope of consolidation (Note 2.d)	Balance at 31/12/15	Additions and allocations	Increase/ e) due to
COST								
Land	3,052	-	-	-	-	3,052	-	
Buildings and other facilities	5,775	-	2,064	-	-	7,839	-	
Total cost	**8,827**	**-**	**2,064**	**-**	**-**	**10,891**	**-**	
ACCUMULATED DEPRECIATION								
Buildings and other facilities	(2,036)	(144)	(591)	-	-	(2,771)	(42)	
Total accumulated depreciation	**(2,036)**	**(144)**	**(591)**	**-**	**-**	**(2,771)**	**(42)**	
IMPAIRMENT	**(231)**	**(79)**	**(139)**	**-**	**-**	**(449)**	**(596)**	
Total net cost	**6,560**	**(223)**	**1,334**	**-**	**-**	**7,671**	**(638)**	

(*) At 31 December 2016 the Group transferred the carrying amount of the usable spare parts for the printing press and other machinery pertaining to the company Andaluprint S.L.U. from the balance sheet heading "Assets held-for-sale.

(**) At 31 December 2015 the Group transferred the carrying amount of the printing press and machinery and spare parts pertaining to the company Andaluprint S.L.U. to the balance sheet heading "Assets held-for-sale".

The summary of the transactions recognized in these consolidated investment property balance sheet headings in 2016 and 2015 is as follows:

The Group believes that the fair value does not significantly differ from the carrying amount of investment properties.

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The disposals recognized at 31 December 2016 mainly relate to the sale of the Group's offices located at Calle Juan Ignacio Luca de Tena 7 in Madrid on 23 December 2016 for €35,000 thousand, on which it obtained a capital gain totaling €21,688 thousand after discounting selling costs. The Group immediately concluded a five-year lease agreement with the buyer under which it will continue to occupy the property.

The write-offs recognized at 31 December 2015 in the heading "Plant and machinery" in the preceding table mainly related to the elimination of the fully depreciated printing press and machinery pertaining to the companies Bilbao Editorial Producciones, S.L.U., El Comercio, S.A. and Prensa Malagueña, S.A., while the write-offs recognized in the heading "Other assets" related to the elimination of fully depreciated unused computer equipment.

This heading includes €9,154 thousand and €10,697 thousand at 31 December 2016 and 2015, respectively, relating to assets being acquired under finance leases (Note 4.e), which are classified based on their nature. The minimum lease payments in this connection at 31 December 2016 are as follows (in thousand euro):

Thousand euro	31/12/2016	31/12/2015
Up to 1 year	2,320	2,319
Between 1 and 5 years	4,784	7,103
More than 5 years	-	-
Total amounts payable	**7,104**	**9,422**
Financial expense	307	519
Present value of the installments (Note 20)	6,797	8,903
	7,104	**9,422**

The main assets being acquired under finance leases at 31 December 2016 relate to the printing presses for the various printing plants that the Group maintains.

The amount of fully depreciated property, plants and equipment still being used at 31 December 2016 is €120,606 thousand (€129,702 thousand at 31 December 2015).

In 2016 and 2015 there have been no significant investments in property, plant and equipment.

The account "Plant and machinery" in the preceding table mainly records the value of the printing presses, finishing and other machinery owned by the Group, as well as the associated facilities, while the account "Other plant, tooling and furnishings" records the value of the various facilities in printing buildings and plants at which the Group carries out its activity, in addition to the matters mentioned in Note 4.c, and diverse office equipment.

The account "Other assets" in the preceding table includes the diverse computer equipment which has a carrying amount of €1,917 thousand and €2,059 thousand at 31 December 2016 and 2015, respectively.

There were no significant commitments to acquire property, plant and equipment at 31 December 2016.

The Group has formalized insurance policies to cover the possible risks to which certain property, plant and equipment are subject and the possible claims that may be filed in relation to the performance of its operations. These policies are understood to provide sufficient coverage of the risks to which the assets are subject.

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(Thousand euro)

11. Shareholdings measured using the equity method

The summary of the transactions recognized in 2016 and 2015 in the carrying amount of the shareholdings in Group companies measured using the equity method is as follows (See the Appendix to these notes to the annual accounts).

	Thousand euro										
	Balance at 12/31/2014	Inclusion of the profit/(loss) for the period	Impairment	Dividends collected	Other movements	Balance at 31/12/15	Inclusion of the profit/(loss) for the period	Impairment	Dividends collected	Other movements	Balance at 31/12/16
Classifieds-											
11870 Información en General, S.L. (Note 2.d)	228	(34)	-	-	20	214	(11)	-	-	(203)	-
Newspapers -											
Distribuciones Papiro, S.L.	524	72	-	(49)	-	547	141	-	-	(453)	235
Cirpress, S.L.	623	59	-	(41)	-	641	49	-	-	-	690
Distrimedios, S.A.	2,979	120	-	-	2	3,101	(161)	-	-	-	2,940
Val Disme, S.L.	3,979	45	-	-	(1,969)	2,055	(98)	-	-	-	1,957
Structure-											
Roi Media, S.L. (*)	13	(2)	-	-	(11)	-	-	-	-	-	-
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L. (*)	(250)	(3)	-	-	-	(253)	(30)	-	-	-	(283)
	8,096	**257**	**-**	**(90)**	**(1,958)**	**6,305**	**(110)**	**-**	**-**	**(656)**	**5,539**

(Thousand euro)

The Group evaluated the recoverability of its shareholdings measured using the equity method in 2016 and 2015. In 2016 the Group sold its interest in 11870 Información en General, S.L.

As is mentioned in Note 2.f, the amount recognized in the column "Other movements" at 31 December 2016 refers to the adjustment to the result on the equity consolidation of Distribuciones Papiro,S.L. as a result of an error in prior years (Valdisme, S.L. in 2015).

In 2016 and 2015 the Group did not carry out significant transactions with its investee companies other than those mentioned in Note 2.d.

Details of the primary financial figures relating to equity-consolidated companies at the end of 2016 and 2015 are as follows:

2016

	Thousand euro			
	Total equity	Total assets	Operating income	Profit/(loss)
Newspapers				
Distribuciones Papiro, S.L.	711	2,877	29,584	534
Cirpress, S.L.	2,476	4,263	18,456	145
Distrimedios, S.L.	3,477	19,497	62,444	436
Val Disme, S.L.	164	16,937	72,835	744
Structure				
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	(564)	1,021	2,441	(59)

2015

	Thousand euro			
	Total equity	Total assets	Operating income	Profit/(loss)
Classifieds				
11870 Información en General, S.L.	(162)	123	627	(86)
Newspapers				
Distribuciones Papiro, S.L.	1,902	4,640	30,980	369
Cirpress, S.L.	2,301	4,788	19,566	234
Distrimedios, S.L.	4,324	21,707	67,709	(109)
Val Disme, S.L.	595	17,661	79,214	142
Structure				
Kioskoymas, sociedad gestora de la plataforma tecnológica, S.L.	(506)	1,226	55	(5)

The financial figures included in each year represent the latest information available at the date the consolidated annual accounts were prepared. Once the final information is available the adjustment will take place the following year (they are not material amounts in any event).

(Thousand euro)

12. Interests in joint ventures

The most relevant financial information relating to the interest held in Localprint, S.L., is jointly controlled together with another shareholder and in which the Group holds a 50% stake, is summarized below:

	Thousand euro	
	31/12/2016	31/12/2015
Revenue	4,900	4,874
Net operating profit/(loss)	(24)	(41)
Non-current assets	13,343	15,623
Current assets	1,616	1,516
Non-current liabilities	1,474	3,153
Current liabilities	1,882	2,297

13. Financial assets

a) Non-current securities portfolio

The carrying amount of the most representative shares in the non-current securities portfolio at 31 December 2016 and 2015 is as follows:

Company	Thousand euro		% shareholding at 31.12.16	% shareholding at 31.12.15
	31/12/2016	31/12/2015		
Epigraph Producciones TV, S.A.	551	551	4.65%	4.65%
Dima Distribución Integral, S.L.	1,452	1,452	17.92%	17.92%
Other investments	1,205	1,498		
Total	**3,208**	**3,501**		

The entire non-current securities portfolio is classified under "Available-for-sale financial assets" and is recognized as is explained in Note 4.g.

The Group has several shareholdings in unlisted companies which are presented at their acquisition cost, less any applicable impairment, since their value cannot be measured using a more reliable alternative method.

During 2015 the Group received dividends totaling €478 thousand from its interest in Val Telecommunications, S.L., which were collected and recognized under the heading “Financial income” in the consolidated income statement at 31 December 2015 (Note 30). The Group sold that shareholding for €218 thousand on 22 December 2015.

b) Other non-current financial investments

This heading basically records non-current deposits and guarantees.

c) Other non-current receivables

This heading essentially records non-current loans, among which is a non-current loan granted to Fundación Colección ABC.

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(Thousand euro)

14. Inventories

The composition of this consolidated balance sheet heading at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Raw materials	12,240	12,067
Other raw materials	571	486
Spare parts	540	540
Goods purchased for resale and finished	612	808
Other inventories	407	402
Prepayments to suppliers	262	392
Impairment of raw materials	(1,029)	(1,190)
Total	**13,603**	**13,505**

At 31 December 2016 and 2015, there were no inventories provided to secure the payment of debts or in relation to any other obligations with third parties.

15. Trade and other receivables

The composition of the heading "Current assets - Trade and other receivables" on the asset side of the accompanying consolidated balance sheet at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Trade receivables for sales and services rendered	113,184	108,110
Trade bills receivable	1,977	2,334
Less-"Discount on volume sales" (Note 4.ñ)	(8,508)	(8,054)
Receivables from related companies (Note 34)	3,831	3,265
Other receivables (Note 4.b)	5,165	10,175
Provision for unrecoverable receivables	(23,293)	(23,767)
	92,356	**92,063**

All unimpaired balances, whether or not in a default situation, have an estimated collection period of less than 12 months. The carrying amount of these assets does not significantly differ from their fair value.

The amount of outstanding balances that are not impaired totals €19,760 thousand at 31 December 2016 (€15,763 thousand at 31 December 2015). These accounts relate to a number of independent customers for which there are no recent default data. The age of these accounts is analyzed below:

	Thousand euro	
	2016	2015
Up to 3 months	14,601	11,843
Between 3 and 6 months	3,322	2,775
Over 6 months	1,837	1,145
Total	**19,760**	**15,763**

(Thousand euro)

At the date these annual accounts were prepared €11,239 thousand of that amount had been collected (€10,264 thousand at 31 December 2015) and, of the amount not collected, €1,757 thousand (€2,285 thousand at 31 December 2015) relates to balances pending receipt from public institutions that are covered by the appropriate debt recognition certificate. In addition, certain Group companies cover credit risk by maintaining surety policies to reduce the risk of insolvency (Note 6). All outstanding balances not yet received are in active collection management.

At 31 December 2016, the amount of the provision for the impairment of receivables totals €23,293 thousand (€23,767 at 31 December 2015). The changes deriving from the impairment loss is recognized in the balance sheet heading "Provision for unrecoverable receivables" in 2016 and 2015 were as follows:

Balance of the Provision at 31.12.2014	**28,153**
Appropriations	1,459
Reversals	(484)
Applications	(5,361)
Balance of the Provision at 31.12.2015	**23,767**
Appropriations	2,523
Reversals	(472)
Applications	(2,525)
Balance of the Provision at 31.12.2016	**23,293**

The balance of the heading "Provision for unrecoverable receivables" at the end of 2016 and 2015 is €5,800 thousand relating to the impairment recognized by the Group company "Sociedad Gestora de Televisión Net TV, S.A." of its receivables from the company Homo Videns, S.A.

16. Cash and other equivalents

The composition of the heading "Current assets - Cash and cash equivalents" in the accompanying consolidated balance sheet at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Other current loans	10	10
Current term and other deposits (Note 6)	768	1,095
Cash at bank and in hand	20,931	18,243
	21,709	**19,348**

This heading basically includes cash and current bank deposits with an initial maturity of three months or less. The bank accounts earn interest at market rates. There are no restrictions on the availability of those balances except for any excess cash that must be used to repay the syndicated financing loan early (Note 20). The Parent Company Directors consider that there is no excess cash at 31 December 2016 and 2015.

The carrying amount of these assets does not significantly differ from their fair value.

17. Equity

Shareholders' equity

(Thousand euro)

The Parent Company's share capital at 31 December 2016 totals €24,994 thousand and is represented by 124,970,306 fully subscribed and paid shares with a par value of €0.20 each, and there has been no change compared with 31 December 2015. The Company's shares are listed on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges.

Since shares in Vocento are represented by book entries, the interest held by shareholders in share capital is not precisely known. However, in accordance with public information in the possession of the Parent Company, at 31 December 2015 Mezouna, S.A. and Valjarafe, S.L., with interests amounting to 11.077% and 10.09%, respectively, are the only shareholders with a stake exceeding 10%.

Capital management objectives, policies and processes

The Group maintains a policy of applying maximum financial prudence as a fundamental part of its strategy. The target capital structure is defined by the commitment to solvency and the objective of maximizing returns for shareholders.

The Group establishes the quantification of the target capital structure as the relationship between net financing and equity:

	Thousand euro	
	31/12/2016	31/12/2015
Cash and cash equivalents (Note 16)	21,709	19,348
Bank borrowings (*) (Note 20)	(85,116)	(123,545)
Other current and noncurrent payables with a financial cost (Notes 6, 19 and 22)	(3,275)	(4,860)
Other non-current loans and receivables with a financial cost	270	270
Net debt position	**(66,412)**	**(108,787)**
Equity	**255,068**	**318,690**
Equity/ Net financial debt (times)	**3.84**	**2.92**

(*) Relates to bank borrowings at nominal value.

The evolution and analysis of this ratio is continuous and estimates for the future are made in this respect as a key and limiting factor for the Group's investment strategy and dividend policy.

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(Thousand euro)

Reserves

The breakdown of Reserves at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Parent company reserves	**306,592**	**320,246**
Legal reserve	4,999	4,999
Reserve for treasury shares	20,583	25,291
Voluntary reserves	281,010	289,956
Reserves for restated assets and unrealized liabilities (Note 21)	**(1,651)**	**(2,144)**
Reserves in consolidated companies	**(45,666)**	**(56,878)**
Reserves for companies consolidated using the equity method (Note 11)	700	(1,026)
Reserves for full and proportional consolidation	(46,166)	(55,852)
Total	**259,475**	**261,224**

The amount of Group's restricted reserves at 31 December 2016 and 2015 total €82,394 thousand and €85,382 thousand, respectively.

Share premium

The Spanish Companies Act 2010 expressly allows the use of the share premium account to increase share capital and there are no specific restrictions with respect to the availability of this balance.

Legal reserve

In accordance with the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

This reserve had been fully funded by the Parent Company in accordance with the described legislation at 31 December 2016 and 2015.

Treasury shares

The Parent Company maintains 3,861,503 shares equivalent to 3.09% of its share capital and there is no restriction on their transfer.

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Movements in treasury shares in 2016 and 2015 are as follows:

	No. of shares	Cost (Thousand euro)
Shares at 31/12/14	**3,867,298**	**29,874**
Purchase	883,678	1,632
Sale (*)	(874,311)	(6,215)
Shares at 31/12/15	**3,876,665**	**25,291**
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares at 31/12/16	**3,861,503**	**20,583**

(*) Sales recognized at the average weighted cost.

The capital loss resulting from the sale of treasury shares in 2016 was charged against reserves in the amount of €4,688 thousand (€4,602 thousand at 31 December 2015).

In accordance with the provisions of the Spanish Companies Act 2010, the Parent Company maintains a restricted reserve in the amount of the cost of the treasury shares held in its portfolio. This reserve will become unrestricted when the circumstances dictating its establishment cease to exist.

The average number of treasury shares in the portfolio in 2015 was 3,880,190 shares (3,868,783 at 31 December 2015). (Note 33).

Dividends

The Parent Company did not distribute any dividend whatsoever in 2016 and 2015 and at the end of both years there was no amount pending payment in this respect.

Non-controlling shareholdings

At 31 December 2016 and 2015 the main non-controlling shareholdings relate to the subgroup Sociedad Vascongada de Publicaciones, the subgroup Veralia and "Sociedad Gestora de Televisión Net TV, S.A."

2016

The Company has not carried out any significant transactions in 2016.

The main transactions carried out in 2015 that affected the equity of non-controlling shareholdings were as follows:

2015

- As a result of the acquisition of Rotomadrid, S.L. (Note 2.d), non-controlling shareholdings declined by €7,573 thousand. The other transactions did not have a significant impact.

Distribution of profit

The distribution of the 2016 profit of Vocento, S.A. (individual annual accounts) that the Parent Company's Board of Directors will propose for approval by the shareholders at the Annual General Meeting is as follows:

	Thousand euro
Distribution base:	
Profit/(loss) for the year	(62,886)
Distribution of profit::	
Prior year losses	(62,886)

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(Thousand euro)

18. Provisions

The composition of this heading in the accompanying consolidated balance sheets, as well as movements during 2016 and 2015, are set out below:

		Thousand euro									
	Balance at 12/31/2014	Appropriations	Reversals	Applications	Transfers	Balance at 31/12/15	Appropriations	Reversals	Applications	Transfers	Balance at 31/12/16
Provisions for pensions (Note 4.j)	470	-	(46)	(39)	(352)	33	-	-	-	(11)	22
Provisions for long-term incentive plans	150	-	(150)	-	-	-	-	-	-	-	-
Legal and tax provisions (Note 23)	4,398	441	(115)	(257)	152	4,619	248	-	(32)	-	4,835
Provision for disassembly	6	-	-	-	-	6	-	-	-	-	6
Provisions for publishing and audiovisual litigation	495	30	-	(62)	215	678	114	(78)	(285)	364	793
Other provisions	399	11	(95)	(201)	(15)	99	-	(2)	(21)	322	398
	5,918	**482**	**(406)**	**(559)**	**-**	**5,435**	**362**	**(80)**	**(338)**	**675**	**6,054**

At each balance sheet date the Group estimates the liabilities arising from litigation and similar events which require the recognition of provisions of a tax and legal nature. Although the Group considers that the cash outflows will take place in the coming years, it cannot predict the settlement date of these liabilities and, therefore, it does not make an estimate of the specific dates of the cash outflows, considering the effect of a potential discount to present value to be immaterial.

At 31 December 2016, certain litigation and claims were in progress against the consolidated companies arising from the ordinary course of their operations. The Group's legal advisers and its Directors consider that the provisions recognized for this purpose are sufficient and that the outcome of these proceedings and claims will not have an additional material effect on the consolidated annual accounts for the years in which they are settled (Note 4.l).

Provisions for long-term incentive plans-

In 2013 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation was associated with compliance with the budgeted operating profit for 2015, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group did not recognize any payment obligation in this respect in the consolidated balance sheet at 31 December 2015.

In 2014 the Parent Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain executives at the Parent Company and the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2016, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the fact that its targets were not met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

In 2015 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted net profit for 2017, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the net profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

Finally, in 2016 the Parent Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. 40% of this compensation is associated with compliance with the accumulated net profit amount based on the figure approved in the current three-year plan, 40% to the generation of accumulated cash and 20% to the digital transformation, including the income and EBITDA of the e-commerce businesses, on-line advertising and on-line users.

To collect the financial indicators (net profit and cash generation) compliance with the covenants of the syndicated loan is essential and dividends must also be distributed in 2017 (as approved by shareholders at a general meeting during the first half of 2018) and in 2018 (as approved by shareholders at a general meeting during the first half of 2019). This distribution must be of any amount, they must be dividends charged against profits obtained during the preceding year (not against reserves) and it is not sufficient that there be distributable profits, but rather there must be an effective approval of the distribution of profits by shareholders at a general meeting.

In accordance with the valuation in that plan, 2016 profits and the uncertainty relating to the possibility of attaining the rest of the objectives, the Group does not maintain any provision in this respect in the consolidated balance sheet at 31 December 2016.

Provisions for pensions and similar obligations

At 31 December 2016 the Group had externalized all employee pension commitments in accordance with Royal Decree 1588/1999 (15 October). These commitments are as follows:

Defined contribution

The main defined contribution commitments assumed by the Group are set out below:

- An annual contribution will be made for the Group's executives based on previously defined categories. This commitment is structured through an insurance policy.

- A contribution consisting of a percentage of the eligible salary of each participating employee will be made to a pension plan for certain Group employees. Employees hired after 9 May 2000 are subject to a two-year grace period before they can voluntarily join the pension plan.

The expense for these commitments in 2016 and 2015 totaled €689 thousand and €675 thousand, respectively, and is recognized in the heading "Personnel expenses" in the accompanying consolidated income statement for 2016 and 2015 (Note 28).

Other long-term employee benefits

The collective wage agreements for certain Group companies establish an obligation to make payment of certain length of service bonuses to employees after 20, 30 and 40 years of service. At 31 December 2016 and 2015 the Group recognizes provisions calculated using actuarial methods to cover this accrued liability. The assumptions applied include, among others, a technical interest rate of 2.25%, GRM/F95 mortality tables and a long-term salary growth rate of 3.5%, and the provisions total approximately €33 thousand and €83 thousand, respectively, and are included under the heading "Provisions" on the liability side of the accompanying consolidated balance sheets. A net amount of €0 thousand and €11 thousand, respectively, reversed in 2016 and 2015.

Contingent liabilities

Details of the aforementioned section relating to the year ended 31 December 2016 are as follows:

- Penalty procedure for the deduction for reinvestments resulting from the corporate income tax inspection covering 2008 and 2009 which was assumed by the former La 10 Canal de Television, S.L.U. (currently merged into Corporación de Nuevos Medios Digitales S.L.U.) for an initial amount of €826 thousand, and subsequently €578 thousand that had been secured. Coinciding with the opinion of advisors that considered there was an absence of negligence or intention with respect to the error and therefore there was no justification for a tax penalty, the relevant administrative legal proceedings that took course during the process effectively ratified the Company's position in the fund, and the guarantee and costs were refunded.

(Thousand euro)

- Claim filed with Commercial Court 9 in Madrid claiming the amount imposed on the Group investee company Sociedad Gestora de Television Net TV S.A., concerning certain rights for an initial amount of €1,051 thousand. Coinciding with the opinion of advisors, the conclusion was reached in 2016 for a favorable solution without any relevant impact on the Group.

- Libel suit filed with the Court of First Instance 1 in Barcelona by an individual against Diario, S.L. and several journalists claiming the amount of €600 thousand. The penalty was only €60 thousand in 2016.

- Libel suit filed with the Court of First Instance 37 in Barcelona by an individual against Diario ABC, S.L. claiming the amount of €750 thousand. Coinciding with the opinion of advisors, the penalty was reduced to €10 thousand during the year in progress.

- Judgment issued by the Central Tax and Treasury Court regarding corporate income tax for a claim totaling €1,077 thousand, which was paid at the time by Grupo Europroducciones, now Veralia Contenidos Audiovisuales S.L.U. Although the tax authorities filed an appeal against the judgment issued by the National Court on 3 December 2015, which allowed the appeal filed by the Company against the judgment of advisors, the clarity of the judgment makes it foreseeable that a total amount, including accrued late-payment interest, of €1,500 thousand will be refunded to Veralia Contenidos Audiovisuales S.L.U.

- Corporate income tax settlements received by Comeresa Prensa S.L.U. for 2006, 2007, 2008 and 2009 for amounts totaling €1,826 thousand, €1,819 thousand, €1,701 thousand and €0, respectively.. In the opinion of advisors, it is likely that the position argued by Comeresa Prensa S.L.U. in litigation regarding defects in the proceedings, in the first case, and in all of the other proceedings will be successful, including the mandatory application of a bi-lateral adjustment to Vocento S.A. which ensures the recovery of the assessed amounts in the affected cases.

- Judgment issued by the Superior Court of Justice in Extremadura on 18 December 2013, and subsequently by the Supreme Court, which strikes down the resolution adopted on 13 August 2009 by the General Secretariat of the Government of Extremadura that affected, among others, the radio broadcasting licenses in Badajoz, Merida and Caceres held by a Group subsidiary. Notwithstanding other possibilities that may arise during the execution phase, and considering that these assets do not have any value or associated goodwill in the balance sheet, and that the associated operating model is favorable, the conclusion is that there will be no relevant impacts in the event of their definitive loss.

19. Trade and other payables:

The composition of this consolidated balance sheet heading at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Trade payables-		
Payables to related companies (Note 34)	1,041	1,042
Trade payables	48,131	58,705
Invoices yet to be received	13,170	12,021
Trade bills receivable	4,330	4,754
Other creditors and volume discounts (Note 4.o)	(989)	(601)
	65,683	**75,921**

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Other current payables-		
Outstanding wages and salaries (Notes 22 and 28)	6,631	11,677
Suppliers of intangible assets and property, plant and equipment (Notes 9 and 10)	3,988	2,782
Liabilities for old benefits for employees (Notes 4.j, 6 and 22)	-	1,031
Accrual accounts	7,701	7,362
Other	6,036	6,825
	24,356	**29,677**
	90,039	**105,599**

The carrying amount of these liabilities approximates their fair value.

The account "Remuneration pending payment" includes €1,490 thousand at 31 December 2016 (€2,019 thousand at 31 December 2015) relating to termination benefits pending payment, which include €1,082 thousand (€1,473 thousand at 31 December 2015) with a financial cost relating to termination benefits deriving from the layoffs carried out in 2009 by Diario ABC, S.L.

Information regarding the average payment period for suppliers

The ratio of payments made to suppliers in 2016, the average payment period for suppliers and the ratio of transactions pending payment to suppliers at 31 December 2016 is as follows (thousand euro), in compliance with the information required by Additional Provision Three "Disclosures" of Law 15/2010 (5 July) and the resolution dated 2 February 2016 issued by the Audit and Accounting Institute in response to Final Provision Two of Law 31/2014:

	2016	**2015**
	days	**days**
Average payment period for suppliers	61.18	63.41
Ratio of payments made	63.14	66.91
Ratio of pending payments	49.27	45.11
	Amount (Thousand euro)	**Amount (Thousand euro)**
Total payments made	269,795	294,355
Total outstanding payments	44,420	46,194

This balance relates to the suppliers that because of their nature are trade creditors for the supply of goods and services included in the balance sheet heading "Trade and Other Payables".

20. Bank borrowings

The loan balances with credit institutions at 31 December 2016, as well as the repayment schedule, are as follows:

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(Thousand euro)

	Thousand euro					
		Due date				
		Current	Non-current			
	Balance at 31/12/16	2017	2018	2019	2020 and afterwards	Total long term
Bank borrowings (Note 6)	73,685	14,609	15,040	42,470	1,566	59,076
Payables for finance leases (Note 10)	6,804	2,155	2,211	1,691	747	4,649
Financial instrument liabilities instruments (Note 21)	2,317	1,139	1,058	120	-	1,178
Accrued interest pending payment	39	39	-	-	-	-
TOTAL	**82,845**	**17,942**	**18,309**	**44,281**	**2,313**	**64,903**

The amounts set out in the preceding table reflect the amortized cost of bank borrowings at 31 December 2016 and the total nominal amount of those borrowings is €85,116 thousand at that date (Note 17).

Bank borrowings at 31 December 2015, as well as the repayment schedule, are as follows:

	Thousand euro					
		Due date				
		Current	Non-current			
	Balance at 31/12/15	2016	2017	2018	2019 and afterwards	Total long term
Bank borrowings (Note 6)	108,334	20,191	14,600	19,365	54,178	88,143
Payables for finance leases (Note 10)	8,903	2,107	2,155	2,204	2,437	6,796
Financial instrument liabilities instruments (Note 21)	2,984	919	1,041	813	211	2,065
Accrued interest pending payment	45	45	-	-	-	-
TOTAL	**120,266**	**23,262**	**17,796**	**22,382**	**56,826**	**97,004**

The amounts set out in the preceding table reflect the amortized cost of bank borrowings at 31 December 2015 and the total nominal amount of those borrowings is €123,545 thousand at that date (Note 17).

The line of credit limit for Group companies at 31 December 2016 and 2015, as well as the amounts drawn down and available, are as follows:

	Thousand euro	
	2016	2015
Drawn Down	1,014	5,514
Available	45,310	41,161
Total line of credit limit	**46,324**	**46,675**

The average annual interest rate in 2016 and 2015 for bank borrowings, as well as that relating to finance these liabilities was the EURIBOR plus the following spread:

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	2016	2015
Bank borrowings	3.45%-0.25%	3.45%-0.25%
Finance leases	2.00%-0.40%	2.00%-0.40%

In 2016 the financial expense on bank borrowings totaled €3,852 thousand, which are recognized in the heading "Financial expense" in the consolidated income statement for 2016 and the rest relate to the expense recognized in the heading for origination fees, differences on exchange and other items (Note 31).

The Directors consider that the market value of those loans does not significantly differ from their carrying amount. The sensitivity of those market values to fluctuations in interest rates that the Group considers to be reasonably possible is as follows:

	Thousand euro			
	Change in interest rates.			
	2016		2015	
	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Change in the value of the debt	(103)	68	(298)	301

The Group hedges €58,137 thousand (€71,991 thousand in 2015) of the risk associated with increases in interest rates using derivative financial instruments (Notes 6 and 21).

Syndicated loan

On 21 February 2014 the Group's Parent Company obtained non-current syndicated financing in the amount of €175,275 thousand, in order to repay existing bilateral loans, extend their due dates and unify their management, as well as to attend to the Group's general cash needs. This agreement consists of two tranches with the following amounts and due dates:

a) Tranche A, which is divided into:

(i) Sub-tranche A1: commercial loan of €75,000 thousand falling due in October 2018.

(ii) Sub-tranche A2: a five-year "bullet" commercial loan of €55 thousand.

b) Tranche B: A four-year revolving line of credit of up to €45,275 thousand.

At 31 December 2016 the amounts pending payment totaled €68,847 thousand (€98,060 thousand in 2015) relating to "Tranche A" and €0 thousand (€5,000 thousand in 2015) relating to "Tranche B".

In 2016 the Company repaid €19,212 thousand (€9,212 thousand in 2015) relating to Tranche A1, on the due dates established in the agreement. As a result of the disposal of certain assets by the Group of which the Company is the parent, €10,000 thousand of "Tranche A2" were repaid early and all of the amount drawn down at that date from "Tranche B" totaling €23,000 thousand was repaid of the maximum of €25,000 thousand drawn down during the year.

The syndicated financing accrues an interest rate that is indexed to the EURIBOR plus a spread negotiated with the financial institutions that is settled on a quarterly basis. The applicable spread is determined every six months based on compliance with certain financial ratios in accordance with the terms established in the aforementioned agreement.

The Company formally modified the syndicated financing described above on 27 June 2015. The modification agreed with the nine financial institutions participating in the agreement gave rise to a reduction in the applicable interest rate and makes it possible to apply further reductions in that rate in the future, based on financial and economic parameters affecting Vocento.

The financing agreement includes certain causes of mandatory early repayment and the maturity of the amounts drawn down, including the disposal of assets, the existence of excess cash (Note 16), or a change in control at the Group. The agreement also includes restrictions on the distribution of dividends based on compliance with certain financial ratios (EBITDA, excess cash, etc.).

The agreement also establishes the obligation to comply with certain financial ratios at the consolidated level. The Parent Company's Directors consider that the financial ratios established in this agreement have been met at 31 December 2016.

The syndicated financing agreement also gave rise to the granting and maintenance of the following guarantees (personal and real) and real guarantee commitments to the financial institutions to secure the obligations deriving from the agreement.

- On-demand guarantee granted by Group companies which meet the conditions to be considered Guarantors at any given moment. The accompanying Appendix contains those in force at 31 December 2016.

- Pledge of the shares in the group companies that are directly or indirectly owned by the Parent Company, which are those indicated in the accompanying Appendix at 31 December 2016.

- Senior mortgage of the properties identified in the aforementioned syndicated financing agreement whose carrying amount totals €19,773 thousand at 31 December 2016 (€31,350 thousand in 2015).

- Senior mortgage commitment regarding certain properties free of encumbrances whose carrying amount totals €8,916 thousand at 31 December 2015 (€9,145 thousand in 2015).

  The Directors of the Parent Company consider that the circumstances calling for the execution of the mortgage commitments have not arisen at 31 December 2016.

Finally, and by virtue of the terms of that agreement, the Parent Company has contracted certain interest rate hedges totaling at least 50% of the principal amount of the outstanding amount at any given moment (Note 21).

21. Derivative financial instruments

The Group uses derivative financial instruments to hedge against the risks to which its activities, transactions and future cash flows are exposed, mainly changes in interest rates. The details of the balances that reflect the measurement of derivatives in the consolidated balance sheets at 31 December 2016 and 2015 are as follows (Note 20):

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	Thousand euro			
	31/12/2016		31/12/2015	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
INTEREST RATE HEDGES				
Cash flow hedges:				
Interest rate swap:	1,104	1,164	867	2,022
Scaled collar	35	14	52	43
	1,139	**1,178**	**919**	**2,065**

The interest rate hedge derivatives contracted by the Group are intended to mitigate the effect of interest rate fluctuations on future cash flows from variable rate loans. A breakdown of these hedge transactions, and their maturity dates, is as follows:

Company	Instrument	Contracted average interest rate		Nominal amount (thousand euro)		Valid until	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
BBVA	Interest rate swaps	1.817%	1.59%	19,546	24,145	2019	2019
Banco Santander	Interest rate swaps	1.817%	1.59%	16,109	19,899	2019	2019
Kutxabank	Interest rate swaps	1.817%	1.59%	7,400	9,142	2019	2019
Bankia	Interest rate swaps	1.817%	1.59%	9,528	11,770	2019	2019
Caixa	Interest rate swaps	1.817%	1.59%	1,601	1,977	2019	2019
Banco Popular	Interest rate swaps	1.817%	1.59%	3,117	3,851	2019	2019
Bankinter	Scaled collar			836	1,207	2019	2019
	Total			**58,137**	**71,991**		

The effect of changes in the hedge derivatives during 2016 was recognized by crediting the headings "Reserves-Restatement reserve for unrealized assets and liabilities" for the net amount of €493 thousand (€34 thousand at 31 December 2015).

Among these derivatives the Group uses the scaled collar financial instrument to establish the variable interest payments for a finance lease within a increasing range, from a minimum of 3.95% to a maximum of 5%. The initial cost of that financial instrument was zero and the notional amount of the options sold was completely offset by the notional amount of the options acquired, and therefore it is a net option purchase. The effectiveness of the scaled collar hedge has been measured by offsetting the changes in the collar flows against the changes in the hedged risk flows using the hypothetical derivative method, and complying with the conditions that are necessary for it to be considered a hedge instrument.

The interest rate swap derivatives in force at 31 December 2016 relate to the hedges contracted by the Group by virtue of the terms of the syndicated financing agreement (Note 20).

The Group has complied with the requirements described in Note 4.h on Accounting Policies, so as to classify the financial instruments listed below as hedges. Specifically, they have been formally designated as such and their effective hedging has been verified. No ineffectiveness has been detected with respect to the hedges designated by the Group.

These derivative financial instruments have been measured in accordance with the provisions of IFRS 13 - "Fair value".

The sensitivity of the interest rate hedge transactions' market value to changes in interest rates that the Group considers reasonably possible, as well as their impact on profit for the period and equity at 31 December 2016 and 2015 is set out in the following table:

	Thousand euro			
	Change in interest rates			
	2016		2015	
Change	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Fair value	237	(238)	394	(399)
Profit/(loss)	-	-	-	-
Equity	237	(238)	394	(399)

The analysis of the liquidity of the derivative instruments, which relates to cash outflows taking into account undiscounted net flows, is as follows (thousand euro):

2016

Company	Instrument	2017	2018	2019
BBVA	Interest rate swaps	381	356	41
Banco Santander	Interest rate swaps	308	293	34
Kutxabank	Interest rate swaps	142	135	17
Bankia	Interest rate swaps	182	173	20
Caixa	Interest rate swaps	31	29	2
Banco Popular	Interest rate swaps	60	57	7
Bankinter	Scaled collar	35	13	1
	Total	**1,139**	**1,056**	**122**

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(Thousand euro)

2015

Company	Instrument	2016	2017	2018	2019 and afterwards
BBVA	Interest rate swaps	312	340	299	31
Banco Santander	Interest rate swaps	257	278	246	26
Kutxabank	Interest rate swaps	118	129	113	12
Bankia	Interest rate swaps	152	166	146	15
Caixa	Interest rate swaps	26	28	24	3
Banco Popular	Interest rate swaps	50	54	48	5
Bankinter	Scaled collar	37	36	12	-
	Total	**952**	**1,031**	**888**	**92**

22. Other non-current payables

This heading breaks down as follows as at 31 December, 2016 and 2015:

	Thousand euro	
	2016	2015
Indemnities pending payment (Notes 6, 19 and 28)	1,443	2,391
Other payables with a financial cost (Note 6)	117	65
Other payables without a financial cost	14,525	17,209
	16,085	**19,665**

Liabilities for old benefits for employees-

In 2000 several subsidiaries reached agreements with employees to settle pension plans existing at that date in exchange for certain defined contributions. The payment of those contributions was negotiated so that they could be made in accordance with a schedule, with the corresponding financial cost.

The final payment based on the agreed schedule was made in 2015 and no financial expense whatsoever accrued.

Indemnities pending payment

At 31 December 2016 the Group recognizes non-current payables totaling €1,443 thousand (€2,391 thousand at 31 December 2015) relating to the indemnities agreed by Diario ABC, S.L., of which €1,375 thousand (€2,287 thousand in 2015) relate to the layoffs that took place at that company in 2009 (Note 19). The payment of those indemnities was negotiated so that they could be made in accordance with a schedule, with the corresponding financial cost.

The schedule of indemnities pending payment is as follows:

Valid until	(Thousand euros)
2018	905
2019	470
2020	-
2021 and afterwards	-
Total non-current portion	**1,375**

Other payables without a financial cost

In 2009 all of the non-controlling shareholders of Federico Domenech, S.A. concluded an agreement with the Group by virtue of which the sale option right that was granted in prior years was postponed under the same conditions of the original grant and, therefore, the same conditions were applicable to its execution but with a two-year delay in the schedule established in the agreement. At 31 December 2016 the liability with the non-controlling shareholders of Federico Domenech, S.A. totals €12,462 thousand (€15,103 at 31 December 2015).

23. Deferred taxes and corporate income tax expense

Since 1997 Vocento, S.A. and certain of its subsidiaries subject to regional income tax legislation have filed their income tax returns under the special consolidated tax regime. Vocento, S.A. is the Parent of this tax group. The notification of the composition of the tax group for 2016 was filed with the Tax Department in Bizkaia on 17 January 2016 (see the Appendix).

Regional Law 11/2013 (5 December) on corporate income tax (Regional) entered into force on 1 January 2014 and it includes, among other measures, a temporary limitation on the offset of tax-loss carry forwards and the application of deductions. It establishes a maximum term of 15 years to offset or apply these items. There have been no significant changes in corporate income tax legislation for the companies forming part of the tax group subject to regional legislation in Vizcaya.

There are group companies that are subject to corporate income tax legislation in force in the rest of Spain, which also form part of their own tax consolidation group. Law 27/2014 (27 November) on corporate income tax, which entered into force on 1 January 2015, established, among other things, a reduction over two years of the general corporate income tax rate from 30% up until 31 December 2014, such that the rate was 25% effective in the tax periods commencing on or after 1 January 2016.

That law also included a quantitative limitation on the possibility of offsetting tax-loss carryforwards generated in prior years. This limitation was amended during 2016 by the entry into force of Royal Decree-Law 3/2016 (2 December), which adopts tax measures intended to consolidate public finances and other urgent social measures. That Royal Decree-Law, among other things, regulated the following amendments to corporate income tax in the rest of Spain:

Limitation of the possibility of applying tax-loss carryforwards and double taxation deductions, giving rise to their deferral.

- Effective 1 January 2016 large companies with revenues exceeding €60 million over the 12 months preceding the date on which the tax period commences may only offset tax-loss carryforwards, even those generated prior to 2016, that are pending application up

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to a maximum of 25% of tax payable before applying such an offset. In any event, a maximum of €1 million may be offset.

- Also effective 1 January 2016, companies with revenues of at least €20 million in the 12 months preceding the date on which the tax period commences are limited to applying international and national double taxation deductions, even those generated prior to 2016 and pending application, representing a maximum of 50% of the tax payable prior to the application of those offsets.

Unless an investee company is closed under certain conditions, the deduction of impairment losses is eliminated when deriving from shareholdings in other companies and the bringing forward of the reversal of portfolio provisions allocated prior to the entry into force of the law, which were previously considered to be tax-deductible.

- Impairment losses on shareholdings that would have been considered to be tax-deductible and which had not yet been reversed must be included in the tax base in equal portions over the first five tax periods commencing on or after 1 January 2016.

- In the event that a higher impairment amount must be recovered in any of those five periods due to the application of the portfolio impairment recovery rules previously in force, that will be the recoverable amount in the relevant year.

If the shares are transferred during the five tax periods over which the deducted impairment must be reversed, the amounts pending reversal must be included in the tax base for the tax period in which the transfer takes place, up to the limit of the gains deriving from the transfer.

Effective 1 January 2017, the principal novelties that affect Vocento relate to the fact that impairment and losses deriving from the transfer of qualified investments in companies are not deductible (above 5% and held for more than one year) Such deductions may take place in the event that the investee company is wound up under certain conditions.

- **Reconciliation of book and taxable profit**

The following table reflects the accrued corporate income tax expense in 2016 and 2015:

	Thousand euro	
	2016	2015
Consolidated profit before income tax	**34,814**	**15,161**
Increases (decreases) due to permanent differences		
- Profit from companies consolidated using the equity method		

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using the equity method (Note 11)	110	(257)
- Fines and penalties	306	51
- Non-deductible impairment of goodwill (Note 8)	2,500	3,350
- Other results from financial instruments (Notes 2.d and 13.a)	202	(1,657)
- Other permanent differences	139	(550)
Adjusted book profits	**38,071**	**16,098**
Gross tax calculated using the average tax rate	(10,279)	(4,700)
Adjustment of prior year corporate income tax settlement	-	(763)
Effect of the tax reform and the reversal of non-recoverable tax credits	(81,545)	(1,206)
Offset of uncapitalized tax-loss carryforwards	-	18
Uncapitalized tax-loss carryforwards	(35)	(36)
Other	(711)	630
Accrued corporate income tax (Expense)/Income	**(92,570)**	**(6,057)**

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The breakdown of corporate income tax expense/(income) for 2016 and 2015 is as follows (on continuing operations):

	Thousand euro	
	2016	2015
Current year tax		
Originating during the year	(2,159)	(1,054)
Originating in prior years	-	(763)
Deferred tax	**(8,831)**	**(2,998)**
Effect of the tax reform and the reversal of non-recoverable tax credits	**(81,545)**	**(1,206)**
Uncapitalized tax-loss carryforwards	**(35)**	**(36)**
Corporate income tax on continuing operations	**(92,570)**	**(6,057)**

- **Deferred tax assets and liabilities**

The composition of the headings "Non-current assets - Deferred tax assets" and "Non-current liabilities-Deferred tax liabilities" in the accompanying consolidated balance sheets at 31 December 2016 and 2015, as well as the movements in those headings, are as follows:

2016

	Thousand euro				
	31/12/2015	Additions	Disposals	Transfers	31/12/2016
Deferred tax assets-					
Tax-loss carryforwards yet to be offset	106,846	86	(77,649)	(292)	28,991
Other pending deductions	53,382	132	(4,839)	(385)	48,290
Deferred tax assets	20,766	1,769	(6,736)	37	15,836
Total deferred tax assets	**180,994**	**1,987**	**(89,224)**	**(640)**	**93,117**
Deferred tax liabilities-	**(31,258)**	**(11,768)**	**9,422**	**640**	**(32,964)**

2015

	Thousand euro				
	31/12/14	Additions	Disposals	Transfers	31/12/2015
Deferred tax assets-					
Tax-loss carryforwards yet to be offset	111,276	3,383	(6,744)	(1,069)	106,846
Other pending deductions	54,180	119	(635)	(282)	53,382
Deferred tax assets	22,896	1,800	(5,281)	1,351	20,766
Total deferred tax assets	**188,352**	**5,302**	**(12,660)**	**-**	**180,994**
Deferred tax liabilities-	**(32,017)**	**(221)**	**980**	**-**	**(31,258)**

The deferred tax assets and liabilities in the accompanying consolidated balance sheets are recognized at their estimated recovery value.

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As is shown in the "Statement of Recognized Income and Expense" and in the "Consolidated Statement of Changes in Equity", in 2016 the company wrote-off a deferred liability against reserves and consolidated companies totaling €1,128 thousand, due to their nature.

Corporate income tax assets mainly relate to the temporary differences arising due to the differing recognition criteria for accounting and tax purposes with respect to pension commitments and similar obligations (Notes 4.j, 18 and 22) and the tax deduction of certain goodwill (Notes 8 and 11).

The aforementioned deferred tax assets have been recognized in the accompanying consolidated balance sheet with the consideration that it is likely that these assets will be recovered, in accordance with the best estimates regarding the future results from the various businesses constituting the Group. The period over which these deferred tax assets are expected to be offset is as follows:

	(Thousand euros)		
	1-6 years	More than 6 years of age	Total
Tax-loss carryforwards yet to be offset	18,097	10,894	28,991
Other pending deductions	20,401	27,889	48,290
Other deferred tax assets	9,862	5,974	15,836
Total deferred tax assets	**48,360**	**44,757**	**93,117**

In 2016 the Group recognized the impairment of tax credits pending application by the tax group subject to common territory legislation in its balance sheet, mainly due to the limitations on the possibility of applying tax credits introduced by the aforementioned Royal Decree-Law 3/2016.

Next year the Group expects to apply tax credits totaling €6 million.

The validity of the tax-loss carry forwards recognized in the consolidated balance sheet at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Common Territory		
No limitation on tax validity (*)	23,169	97,071
Regional Territory		
From 1 to 15 years	5,822	9,775
Total	**28,991**	**106,846**

(*) No tax validity limitation in accordance with Law 27/2014 on corporate income tax, which entered into force on 01/01/15.

The validity of the deductions recognized in the consolidated balance sheet at 31 December 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Common Territory		
From 1 to 6 years	5,094	3,493
From 7 to 10 years	4,560	3,857
11 years and afterwards	2,257	8,273
Regional Territory		
From 1 to 15 years	36,379	37,759
Total	**48,290**	**53,382**

The rest of the deferred tax assets recognized in the consolidated balance sheet at 31 December 2016 and 2015 relate to the temporary differences between book expenses and their deduction for tax purposes, mainly concerning the provision for insolvencies, provision for indemnities and pension plans.

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Details of the losses for which the Group has not recognized deferred tax assets in the consolidated balance sheet, together with their deadlines at 31 December 2016, are as follows:

Available until	Million euros	
	2016	2015
Common Territory		
No limitation on tax validity (*)	144	81
Regional Territory		
2028	100	53
Total	**244**	**134**

(*) No tax validity limitation in accordance with Law 27/2014 on corporate income tax, which entered into force on 01.01.15.

- **Years open to inspection and other information**

At 31 December 2016 the Parent Company and the rest of the Group companies are open to the inspection of the past four years with respect to all applicable taxes, unless the statutory period has been interrupted due to the start of inspection action.

Assessments deriving from the inspection action started in prior years were raised in 2013 against several companies in the tax group whose parent company is Comeresa Prensa, S.L.U. and relating to corporate income tax in 2006 and 2007. As a result of those assessments, the Group was presented with a settlement for a total of €5,062 thousand, as follows: €3,794 thousand in tax payable, €1,130 thousand in late-interest payments and €138 thousand in penalties. The total impact on the consolidated income statement for 2013 was €1,645 thousand. A total of €1,418 thousand was paid in 2013 and €2,197 thousand remains pending payment with respect to the settlements that have been contested before the Central Tax and Administrative Court (Note 18).

In 2014 inspection action was taken against several companies in the tax group led by Comeresa Prensa, S.L.U. with respect to 2008 corporate income tax, which ended with the settlement of a total tax liability of €1,701 thousand, of which only €312 thousand is considered to be a cost for the Group.

In 2014 and 2015 inspection action was taken against the tax group led by Comeresa Prensa, S.L.U., with respect to 2009 corporate income tax and concerned the verification of transfer prices between related companies. That inspection action was completed at the end of 2015 and the relevant assessment was raised on 13 April 2015 and no tax settlement whatsoever arose.

Due to the different interpretations to which applicable Spanish tax legislation lends itself, there could be contingent tax liabilities which cannot be objectively quantified by the Group. However, the Group's Directors believe that the probability that such tax contingencies will actually arise is remote and, in any event, any tax liability arising therefrom would not significantly affect the accompanying consolidated annual accounts.

24. Public institutions

The composition of the heading "Other Receivables from Public institutions" and "Other Payables to Public institutions" on the asset and liability side of the accompanying consolidated balance sheets at 31 December 2016 and 2015, respectively, is as follows:

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	Thousand euro	
	2016	2015
Current assets-Public Administrations-		
VAT refundable	1,167	1,263
Taxes refundable and other receivables from the public treasury:	1,924	1,809
Social security refundable	22	23
	3,113	**3,095**
Current liabilities-Public Administrations-		
VAT payable	3,691	3,078
Withholdings payable	5,959	6,608
Other taxes payable	1,706	912
Social security contributions payable	2,906	2,939
	14,262	**13,537**

25. Business segment reporting

The maximum decision-taking authority has been identified, and is responsible for assigning resources and evaluating performance of operating segments, as the Board of Directors which is responsible for taking strategic decisions.

The main criteria applied when defining the Group's segment information included in the accompanying consolidated annual accounts are as follows: The segmentation has taken place based on the organizational units for which information is presented to the governing and executive bodies at the company so that they may evaluate the past performance of the unit and take decisions regarding the future assignment of resources. Information regarding the main segments is presented, and the segments that are not disclosed due to being considered insignificant, as well as consolidation adjustments and eliminations, are included in the column "Adjustments and other".

As a result, complete information regarding the business segments is provided:

- ABC: basically consisting of sales of copies of the ABC newspaper ABC and ABC Seville, sales of press advertising and advertising in digital editions, as well as income from printing services.

- Regional: basically consisting of sales of copies of regional newspapers, sales of press advertising and advertising in digital editions, as well as income from press printing and distribution services.

- Supplements and magazines: sales of supplements and magazines, sales of printed and digital advertising.

- Audiovisual: This area consists of television (national, regional and local TDT), radio and content producers.

- Classifieds: Sales of advertising and content, primarily in the various classified portals.

- Structure: This relates to the central services rendered by the lead group companies to other group companies.

The criteria used by the Group to obtain those financial statements segregated by activity were as follows:

- Each of the listed activities is generally assigned the assets, liabilities, expenses and income of any kind that relate to them exclusively or directly.

- General use assets are included in the column "Structure" and are not distributed among segments. However, any costs or income associated with those assets is distributed among the segments.

At 31 December 2016 there have been no discontinued operations and management has no intention of discontinuing any operations in the future. Discontinued operations are understood to be the Group's separation from a line of business or geographical area of operation (either due to sale, spin-off, liquidation or similar event). The Group does not provide information regarding geographic segmentation given that practically all of the sales of the consolidated companies take place in Spain and, furthermore, the Directors do not use geographic criteria for management purposes within Spain.

Similarly, no customer information is provided as there are no individual customers that represent more than 10% of revenue.

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The business reporting segments at the Group in 2016 and 2015 are as follows, based on the aforementioned criteria:

SEGMENTOS POR AREA DE NEGOCIO DICIEMBRE 2016 NIIF
(Miles de euros)

	REGIONALES	ABC	SUPLEMENTOS Y REVISTAS	AUDIOVISUAL	CLASIFICADOS	OTROS	ESTRUCTURA	AJUSTES Y OTROS	TOTAL
INGRESOS									
Ventas de ejemplares	133.822	44.558	15.099	0	0	0	23	(10.769)	182.733
Ventas de publicidad	95.930	34.819	12.252	3.435	16.646	0	32	(133)	162.981
Otros ingresos	46.603	19.409	1.470	45.208	1.169	0	33.081	(43.889)	103.051
Total ventas	**276.355**	**98.786**	**28.821**	**48.643**	**17.815**	**0**	**33.136**	**(54.791)**	**448.765**
GASTOS									
Aprovisionamientos	61.454	10.168	7.478	4	74	0	4	(11.935)	67.247
Gastos de personal	83.583	28.560	3.748	5.305	7.974	0	25.656	(12)	154.814
Amortizaciones y depreciaciones	9.053	5.041	356	3.397	463	0	340	0	18.650
Variación de provisiones de tráfico y otras	1.027	582	330	4	119	0	0	3	2.065
Servicios exteriores	95.587	54.303	16.895	30.590	7.633	0	20.354	(42.847)	182.515
RESULTADO									
Rdo. Explot. Antes deterioro Y Rdo. Enaj. Inmov	**25.651**	**132**	**14**	**9.343**	**1.552**	**0**	**(13.218)**	**0**	**23.474**
Deterioro y resultado por enajenación de inmovilizado material e intangible	(1.444)	21.091	0	1.231	4	0	(1)	0	20.881
Resultado por segmento	**24.207**	**21.223**	**14**	**10.574**	**1.556**	**0**	**(13.219)**	**0**	**44.355**
Resultado de las participadas	(70)	0	0	0	(11)	0	(29)	0	(110)
Ingresos financieros	3.710	13	136	608	28	0	26.119	(30.373)	241
Gastos financieros	(549)	(2.243)	(3)	(863)	(313)	0	(10.185)	7.455	(6.701)
Saneamiento de fondo de comercio	(1.150)	0	0	(1.350)	0	0	0	0	(2.500)
Otros deterioros de instrumentos financieros	(242)	(1)	0	0	0	0	9.563	(9.614)	(294)
Resultados por enajenaciones de inst. fros	0	0	0	0	(177)	0	0	0	(177)
Beneficio antes de impuestos	**25.906**	**18.992**	**147**	**8.969**	**1.083**	**0**	**12.249**	**(32.532)**	**34.814**
Impuestos sobre beneficios	(8.039)	(28.007)	337	(15.727)	(7.305)	0	(33.829)	0	(92.570)
Resultado después de imptos. de activ. manten. vta. y operac. en discontinuación	0	0	0	0	0	0	0	0	0
Resultado atribuido a socios externos	**(1.669)**	**(52)**	**(104)**	**217**	**(487)**	**0**	**(146)**	**(14)**	**(2.255)**
Resultado atribuido a la sociedad dominante	**16.198**	**(9.067)**	**380**	**(6.541)**	**(6.709)**	**0**	**(21.726)**	**(32.546)**	**(60.011)**
OTRA INFORMACIÓN									
Gastos por depreciación y amortización, y otros sin salida de efectivo distintos de amortización y depreciación	10.079	5.623	686	3.401	583	0	340	3	20.715
Costes incurridos durante el ejercicio en la adquisición de propiedad, planta y equipo y otros intangibles	3.453	3.178	473	426	430	0	516	0	8.476
ACTIVO									
Inversiones contabilizadas aplicando el método de la participación	5.821	0	0	1	(1)	0	(282)	0	5.539
Inversiones financieras corrientes	777	0	0	21	2	0	5.133	(5.155)	778
Impuestos diferidos activos	9.279	17.187	1.414	7.784	2.541	0	54.912	0	93.117
Otros activos	390.129	102.930	22.552	113.925	14.458	0	627.802	(872.369)	399.427
Total activo consolidado	**406.006**	**120.117**	**23.966**	**121.731**	**17.000**	**0**	**687.565**	**(877.524)**	**498.861**
PASIVO									
Deuda financiera	21.373	110.223	0	21.550	9.132	0	290.575	(366.734)	86.119
Impuestos diferidos pasivos	3.968	118	0	13.843	0	0	15.036	0	32.965
Otros pasivos y patrimonio neto	380.665	9.776	23.966	86.338	7.868	0	381.954	(510.790)	379.777
Total pasivo consolidado	**406.006**	**120.117**	**23.966**	**121.731**	**17.000**	**0**	**687.565**	**(877.524)**	**498.861**

SEGMENTOS POR AREA DE NEGOCIO 2015
(Miles de euros)

	REGIONALES	ABC	SUPLEMENTOS Y REVISTAS	AUDIOVISUAL	CLASIFICADOS	ESTRUCTURA	AJUSTES Y OTROS	TOTAL
INGRESOS								
Ventas de ejemplares	141.315	49.147	15.218	0	0	0	(11.637)	194.043
Ventas de publicidad	97.085	38.336	13.496	3.529	14.329	(25)	(105)	166.645
Otros ingresos	48.101	22.602	1.228	43.825	1.107	35.858	(45.763)	106.958
Total ventas	**286.501**	**110.085**	**29.942**	**47.354**	**15.436**	**35.833**	**(57.505)**	**467.646**
GASTOS			-	-	-	-	-	
Aprovisionamientos	67.284	11.602	7.614	2	44	282	(12.792)	74.036
Gastos de personal	84.043	30.616	3.712	4.998	7.616	25.182	(48)	156.119
Amortizaciones y depreciaciones	9.120	5.142	193	4.619	571	410	0	20.055
Variación de provisiones de tráfico y otras	718	148	0	2	228	0	(131)	965
Servicios exteriores	95.868	62.545	17.368	29.672	6.887	21.081	(44.534)	188.887
RESULTADO				0	0	0	0	
Rdo. Explot. Antes deterioro Y Rdo. Enaj. Inmov	29.468	32	1.055	8.061	90	(11.122)	0	27.584
Deterioro y resultado por enajenación de inmovilizado material e intangible	43	11	0	(30)	(6)	(587)	0	(569)
Resultado por segmento	**29.511**	**43**	**1.055**	**8.031**	**84**	**(11.709)**	**0**	**27.015**
Resultado de las participadas	296	0	0	0	(34)	(5)	0	257
Ingresos financieros	4.653	20	190	3.076	25	23.804	(30.231)	1.537
Gastos financieros	(639)	(2.553)	(4)	(1.129)	(397)	(11.599)	8.616	(7.705)
Saneamiento de fondo de comercio	(3.350)	0	0	(2.000)	0	0	0	(5.350)
Otros deterioros de instrumentos financieros	(270)	0	0	0	0	(3.887)	5.080	923
Resultados por enajenaciones de inst. fros	(437)	0	0	(1.255)	0	176	0	(1.516)
Beneficio antes de impuestos	**29.764**	**(2.490)**	**1.241**	**6.723**	**(322)**	**(3.220)**	**(16.535)**	**15.161**
Impuestos sobre beneficios	(9.041)	(296)	(310)	(755)	33	4.312	0	(6.057)
Resultado después de imptos. de activ. manten. vta. y operac. en discontinuación	**20.723**	**(2.786)**	**931**	**5.968**	**(289)**	**1.092**	**(16.535)**	**9.104**
OTRA INFORMACIÓN								
Gastos por depreciación y amortización, y otros sin salida de efectivo distintos de amortización y depreciación	9.838	5.290	193	4.621	799	410	(131)	21.020
Costes incurridos durante el ejercicio en la adquisición de propiedad, planta y equipo y otros intangibles	4.778	2.112	623	413	403	264	0	8.593
ACTIVO								
Inversiones contabilizadas aplicando el método de la participación	6.345	0	0	1	212	(253)	0	6.305
Inversiones financieras corrientes	1.104	0	0	15	2	4.384	(4.401)	1.104
Impuestos diferidos activos	12.876	40.221	1.615	23.354	6.768	96.160	0	180.994
Otros activos	391.877	109.749	24.195	117.843	14.606	643.502	(875.034)	426.738
Total activo consolidado	**412.202**	**149.970**	**25.810**	**141.213**	**21.588**	**743.793**	**(879.435)**	**615.141**
PASIVO								
Deuda financiera	22.373	136.613	0	22.129	8.520	312.539	(377.050)	125.124
Impuestos diferidos pasivos	7.657	103	668	15.932	0	6.898	0	31.258
Otros pasivos y patrimonio neto	382.172	13.254	25.142	103.152	13.068	424.356	(502.385)	458.759
Total pasivo consolidado	**412.202**	**149.970**	**25.810**	**141.213**	**21.588**	**743.793**	**(879.435)**	**615.141**

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(Thousand euro)

26. Revenue

The breakdown of this heading in the accompanying consolidated income statements for 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Sale of copies	182,733	194,043
Sale of advertising	162,981	166,645
Direct income from promotions	8,979	10,984
Distribution income	4,698	4,495
Other income from the audiovisual segment	44,299	43,825
Other revenue	44,182	47,189
	447,872	**467,181**

The Group's revenues primarily originates from the Spanish market and foreign sales are not significant.

27. Supplies

The breakdown of this heading in the accompanying consolidated income statements for 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
Paper	27,237	29,103
Raw materials	4,798	5,191
Purchase of newspapers	26,446	29,270
Other consumables	8,766	10,472
	67,247	**74,036**

28. Personnel expenses

In 2016 and 2015 personnel expenses break down as follows:

	Thousand euro	
	2016	2015
Wages and salaries	113,020	119,567
Social Security paid by the Company	29,206	29,555
Employee indemnities (Notes 19 and 22)	10,115	4,906
Other welfare costs	1,783	1,622
Contribution to executive incentive plans (Notes 4.p and 18)	-	(150)
Contribution to pension plans and similar obligations (Notes 4.j and 18)	690	619
	154,814	**156,119**

The average number of employees at the Group in 2016 and 2015, by professional category, was as follows:

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	Average number of persons			
	2016		2015	
	Group companies	Joint arrangement	Group companies	Joint arrangement
Chief Executive Officer	1	-	1	-
Senior management	9	-	8	-
Managers	159	1	170	1
Middle managers	388	4	406	4
Other employees.	2,202	12	2,168	13
Total	**2,759**	**17**	**2,753**	**18**

The breakdown of employees by gender at 31 December 2016 and 2015 is as follows:

	Number of employees			
	31/12/2016		31/12/2015	
	Men	Women	Men	Women
Chief Executive Officer	1	-	1	-
Senior management	7	2	6	2
Directors	122	39	122	44
Middle managers	256	135	279	129
Other employees.	1,178	1,003	1,206	978
Total	**1,564**	**1,179**	**1,614**	**1,153**

Eleven Directors are not employees at 31 December 2016, of which 1 is female and 10 are male.

At the date of these annual accounts the Board of Directors consists of 12 Directors.

The average number of employees at the Group in 2016 and 2015 with a disability equal to or greater than 33%, by category, is as follows:

	Average number of persons			
	2016		2015	
	Group companies	Joint arrangements	Group companies	Joint arrangements
Board Members	-	-	-	-
Senior management	-	-	-	-
Directors	1	-	1	-
Middle managers	-	-	-	-
Other employees.	17	-	19	-
Total	**18**	**-**	**20**	**-**

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(Thousand euro)

29. External services

The breakdown of this heading in the accompanying consolidated income statements for 2016 and 2015 is as follows:

	Thousand euro	
	2016	2015
News and artistic resources	36,113	36,192
Sales staff	42,095	45,579
Administrative staff	17,745	17,471
Shop and technical resources	28,271	27,838
Distribution	46,994	48,296
Sundry	11,297	13,511
	182,515	**188,887**

The items in the "Sundry" account in the preceding table mainly relate to building operating lease and maintenance expenses. Operating lease expenses in 2016 and 2015 totaled €2,070 thousand and €2,105 thousand, respectively. Those expenses mainly relate to the leased premises occupied by the Group companies for which the relevant agreements have been concluded with lessors. Those lease agreements renew automatically for one year periods, up to a maximum of four since they start. The Directors of the Parent Company consider that the conditions of the lease agreements, with respect to their terms or the possibility of renewal, will allow the recovery of the net investments in the facilities recognized at 31 December 2016 over the course of their remaining useful life.

At the end of 2016 and 2015 the minimum lease installments that the Group must pay to the lessors in accordance with the current agreements are as folows:

(Thousand euro)

Thousand euro	2016
Less than one year	3,198
Between one and five years	11,186
More than five years	1,533
Total	**15,917**

30. Financial income

The breakdown of this heading in the accompanying consolidated income statements for 2015 and 2014 is as follows:

	Thousand euro	
	2016	2015
Income from shareholdings	115	574
Other interest and similar income	122	916
Foreign exchange gains	4	47
Total	**241**	**1,537**

The account "Income from shareholdings" included €478 thousand at 31 December 2015 originating from the dividends received from Val Telecommunicaciones, S.L. (Note 13.a)

The account "Other interest and similar income" basically includes the financial income accruing on the term and other deposits maintained by Group companies over the course of each year (Note 16).

31. Financial expense

The breakdown of this heading in the accompanying consolidated income statements for 2016 and 2015 is as follows:

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(Thousand euro)

	Thousand euro	
	2016	2015
Financial expense on liabilities relating to old employee benefits (Note 22)	-	54
Interest on financial debt (Note 20)	3,852	5,021
Profit/(loss) on financial derivatives (Note 21)	1,008	637
Other financial expenses	1,841	1,993
Total	**6,701**	**7,705**

32. Acquisition of subsidiaries

No companies were acquired in 2016. In 2015 the Group acquired control of the company "Desde León al Mundo, S.L." whose primary business consists of the operation of the news portal www.leonoticias.com. The carrying amount of the assets and liabilities acquired in this business combination, the amounts of which are not significant, coincides with their market value.

33. Earnings per share

The reconciliation at 31 December 2016 and 2015 of the number of ordinary shares used in the calculation of earnings per share, is as follows:

	Year 2016	Year 2015
Number of shares (Note 17)	124,970,306	124,970,306
Average number of treasury shares held (Note 17)	(3,880,190)	(3,868,783)
Total	**121,090,116**	**121,101,523**

The basic earnings per share from continuing operations in 2016 and 2015 are as follows:

Vocento, s.a.
Pintor Losada, 7. 48004 Bilbao (Bizkaia).

	Year 2016	Year 2015
Profit/(loss) for the year attributed to the parent company parent company (thousand euro)	(60,011)	4,081
Number of shares (thousand shares)	121,090	121,102
Basic earnings per share (euro)	**(0.50)**	**0.034**

The basic earnings per share from discontinued operations in 2016 and 2015 are as follows:

	Year 2016	Year 2015
Net profit (thousand euro)	-	-
Number of shares (thousand shares)	121,109	121,102
Basic earnings per share (euro)	**-**	**-**

At 31 December 2016 and 2015 the basic earnings per share coincide with the diluted earnings per share since at the closing date the conditions established in the executive incentive plan were not met (Note 18). At 31 December 2016 and 2015, the Group's Parent Company, Vocento, S.A., had not issued other financial or other instruments in addition to those mentioned in Note 18 that entitle the holder to receive ordinary shares in the Company.

34. Balances and transactions with other related parties

Set out below is the breakdown of equity-consolidated companies in the accounts "Receivables from related companies" and "Payables to related companies" in the headings "Trade and other receivables" and "Trade and other payables" in the accompanying consolidated balance sheet at 31 December 2016, together with the transactions (in addition to the dividends received - Note 11) those companies carried out in 2016 by Vocento, S.A. and fully consolidated subsidiaries.

	Thousand euro						
	Balances			Transactions			
				Revenue		Expense	
	Non-current receivables	Receivable (Note 15)	Payable (Note 19)	Operating	Financial	Operating	Financial

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(Thousand euro)

Cipress,S.L	-	558	167	5,695	-	775	-
Distribuidores Papiro, S.L.	-	691	132	6,670	-	1,193	-
Distrimedios, S.L.	-	1,237	466	11,318	-	4,745	-
Val Disme, S.L.	-	1,066	275	11,671	-	2,675	-
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.	270	279	-	305	-	1	-
TOTALS	**270**	**3,831**	**1,040**	**35,659**	**-**	**9,389**	**-**

Set out below is the breakdown of equity-consolidated companies in the accounts "Receivables from related companies" and "Payables to related companies" in the headings "Trade and other receivables" and "Trade and other payables" in the accompanying consolidated balance sheet at 31 December 2015, together with the transactions (in addition to the dividends received - Note 11) those companies carried out in 2015 by Vocento, S.A. and fully consolidated subsidiaries.

	Thousand euro						
	Balances			Transactions			
				Revenue		Expense	
	Non-current receivables	Receivable (Note 15)	Payable (Note 19)	Operating	Financial	Operating	Financial
Cipress,S.L	-	258	158	6,020	-	778	-
Distribuidores Papiro, S.L.	-	702	130	7,052	-	1,352	-
Distrimedios, S.L.	-	911	460	12,487	-	5,042	-
Val Disme, S.L.	-	1,197	273	12,954	-	2,769	-
11870 Información en General, S.L.	-	31	21	-	-	-	-
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.	270	166	-	504	-	7	-
Roi Media, S.L.	-	-	-	-	2	-	-
TOTALS	**270**	**3,265**	**1,042**	**39,017**	**2**	**9,948**	**-**

The most relevant balances and transactions with equity-consolidated companies derive from the sale and distribution of copies of newspapers and supplements that are carried out on an arm's length basis. Since those balances are of a commercial nature they do not accrue any interest and will generally be settled in the short-term. Group companies had not granted any lines of credit or loans to related companies at 31 December 2016 and 2015.

The Group maintains business relationships during the ordinary course of its business with companies at which the independent directors hold directorship and/or senior management positions, Elecnor, S.A. (at which Mr. Fernando Azaola Arteche is a Director and/or senior executive) and

(Thousand euro)

Viesgo Energía, S.L. (at which Mr. Miguel Antoñanzas Alvear is a Director and/or senior executive). These business relationships are carried out on an arm's length basis and their volume is not significant compared to total consolidated income and expense.

Fernado de Yarza López-Madrazo is, in turn, Chairman of Henneo Group and the company Taller de Editores, S.A. Vocento and Henneo Group hold direct interests in the latter. He is also a director of the companies Distribuidora de Aragón, S.L. (DASA) and Distrisoria Publicaciones y Distribución Soria, S.L., in both of which Vocento and Henneo Group hold direct and indirect interests. Those companies maintain business relationships with Vocento and its subsidiaries, including the distribution of periodicals, the marketing of advertising and the preparation of weekend supplements, among other things.

35. Remuneration of the Board of Directors

In 2016 and 2015 the consolidated companies paid the following amounts of accrued remuneration to the members of the Group's Board of Directors:

	Thousand euro	
	Year 2016	Year 2015
Fixed and variable remuneration	731	1,135
Per diems to Directors and commissions	739	742
Profit sharing	-	-
Contributions to pension plans, life insurance policies and other.	5	6
Total	**1,475**	**1,883**

No advances, loans or guarantees were granted to the members of the Board of Directors during 2016 or 2015. The life insurance premiums paid during the year for the coverage of the members of the Board totaled €5 thousand in 2016 and €6 thousand in 2015. No contributions were made in 2016 and 2015 to pension plans whose beneficiaries are members of the Board.

The CEO has a contract clause that entitles him to an indemnity totaling two times the amounts received over the preceding 12 months in the event that the relationship is terminated by Vocento without justification.

The individual remuneration information for the Board of Directors in 2016 and 2015 is as follows:

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RETRIBUCION CONSEJEROS CONSOLIDADO 2016 (miles €)

CONSEJEROS VOCENTO, S.A. 31/12/2016	DIETAS ASISTENCIA						Participación en resultados		APORTACIONES A PLANES DE PENSIONES; SEGUROS DE VIDA Y OTROS		OTRAS REMUNERACIONES		RETRIBUCION FUNCIONES ALTA DIRECCION		Total
	Vocento, S.A.					Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.	Sociedades Dependientes	Vocento, S.A.		
	COMISIONES			CONSEJO DE ADMINISTRACION	REMUNERACION FIJA										
	COMISION DELEGADA	COMITE AUDITORIA Y CUMPLIMIENTO	COMITE DE NOMBRAMIENTOS Y RETRIBUCIONES										FIJA	VARIABLE	
D. Carlos Delclaux Zulueta		9		14	26										48
D. Fernando Azaola Arteche		5	27	18	30										80
D. Fernando de Yarza		7		14	26										46
D. Gonzalo Soto Aguirre		14	14	18	30										75
D. Gonzalo Urquijo	9			11	26										46
D. Luis Enríquez Nistal									5				531		536
D. Miguel Antoñanzas Alvear	11	27	14	18	30										100
D. Santiago Bergareche Busquet	23			36	30						200				289
Energay de Inversiones, S.L.(representada por Enrique Ybarra Yba	2			18	30										50
Mezouna, S.L.(representada por Ignacio Ybarra Aznar)	9		14	18	30										71
ONCHENA, S.L.(representada por Álvaro Ybarra Zubiria)	11			18	30										59
Valjarafe, S.L.(representada por Soledad Luca de Tena García-Co	11	14		18	30										73
CONSEJEROS CESADOS DURANTE EL EJERCICIO															
Casgo, S.A.(representada por Jaime Castellanos Borrego)				2	1										4
Total general	**77**	**74**	**68**	**203**	**318**				**5**		**200**		**531**		**1.475**

RETRIBUCIÓN AL CONSEJO
(Miles de euros)

CONSEJEROS A 31 DE DICIEMBRE DE 2015	Dietas de asistencia				Participación en resultados		Aportaciones a planes de pensiones, seguros de vida y otros		Otras Remuneraciones	Otras remuneraciones de consejeros	Retribución funciones Alta Dirección Consejo		TOTAL
	Vocento, S.A.			Sociedades dependientes	Vocento, S.A.	Sociedades dependientes	Vocento, S.A.	Sociedades dependientes	Vocento, S.A.	Sociedades dependientes	Fija	Variable	
	Consejo Adm.	Comisiones	Dietas Fijas								Vocento, S.A.	Vocento, S.A.	
Mezouna (D. Ignacio Ybarra Aznar)	11	5	19										35
D. Santiago Bergareche Busquet	41	18	30						173				262
Valjarafe, S.L.	23	25	30										77
Energay de Inversiones, S.L.	23	7	30										59
Onchena, S.L. (D. Alvaro Ybarra Zubiria)	20	9	30										59
Casgo, S.A.	7	-	30										37
D. Miguel Antoñanzas Alvear	23	52	30										105
D. Fernando Azaola Arteche	23	27	30										80
D. Gonzalo Soto Aguirre	23	32	30										84
D. Luis Enríquez Nistal	-	-	-				6				531	404	941
Total consejeros a 31 de diciembre de 2015	**192**	**174**	**259**	**0**	**0**	**0**	**6**	**0**	**173**	**0**	**531**	**404**	**1.738**
CONSEJEROS CESADOS DURANTE EL EJERCICIO													
Mezouna (D. Santiago de Ybarra y Churruca)	11	7	11										29
D. Rodrigo Echenique Gordillo	9	-	4						27				40
Lima, S.L.U. (D. Juan Ramón Urrutia Ybarra)	20	27	29										76
Total consejeros cesados durante el ejercicio	**41**	**34**	**44**	**0**	**0**	**0**	**0**	**0**	**27**	**0**	**0**	**0**	**145**
TOTAL RETRIBUCIÓN CONSEJO	**232**	**207**	**303**	**-**	**-**	**-**	**6**	**-**	**200**	**-**	**531**	**404**	**1.883**

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36. Remuneration of senior executives

There were nine and eight General Managers making up the Senior Management team at the Group at the end of 2016 and 2015, respectively, excluding those that simultaneously hold positions on the Board of Directors.

The total remuneration for the Group's Senior Management team in 2016 and 2015 totaled €1,877 thousand and €2,351 thousand, respectively. In 2016 no indemnities were paid to senior management.

Some members of the Senior Management team have contract clauses that call for an indemnity in the event of unfair dismissal consisting of amounts that vary from the amount established by employment legislation to two years of gross annual salary. On an exceptional basis, in some cases the contracts for lower-level executives contain clauses of this type, establishing one year of gross salary as an indemnity.

37. Other information relating to the Board of Directors

In order to avoid conflicts of interest with the Company, during the year Directors holding positions on the Board of Directors, as well as persons related to them, have abstained from the following when authorization had not been obtained:

- Carry out transactions with the Company, except ordinary standard customer transactions of little relevance.

- Use the name of the Company or invoke their position as Director to unduly influence private transactions.

- Make use of business assets, including the Company's confidential information, for private purposes.

- Take advantage of the Company's business opportunities.

- Obtain advantages or compensation from third parties other than the Company and its group with respect to the performance of their duties, except when involving merely courtesy gifts.

- Carry out activities on their own behalf or the behalf of a third party that represent effective competition, whether actual or potential, with the Company or which, in any other way, places them in permanent conflict with the Company's interests:

Details of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors and parties related to them

The relevant shareholdings held by the members of the Board of Directors and Senior Management at the Parent Company in companies that have the same, similar or complementary corporate purpose as the Parent Company or its Group and which have been reported to the Parent Company are listed below, indicating the duties or positions that are held at these companies:

Directors:

Titular	Investee company	Business	Percentage interest	Functions
Mezouna, S .L.	Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.21%	-
Gonzalo Soto Aguirre	Media Smart Mobile, S.L.	Advertising	0.34%	Director (*)
Santiago Bergareche Busquet	Sociedad Vascongada de Publicaciones, S.A.	Newspaper publishing	0.2042%	-
Fernando de Yarza López-Madrazo	Heraldo de Aragón	Media	0.15526%	Representative of the Director Hiferprés S.L.

(*) Resigned from the Board of Directors on 6 May 2016.

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(Thousand euro)

Related parties:

Related parties	Association with the Director	Investee company	% interest	Functions
Jorge Bergareche Busquet	Brother of Santiago Bergareche Busquet	Sociedad Vascongada de Publicaciones, S.A.	0.2042%	-
Jose María Bergareche Busquet		Sociedad Vascongada de Publicaciones, S.A.	0.2780%	Chair
Jorge Bergareche Busquet		Sociedad Vascongada de Publicaciones, S.A.	0.2042%	Board director
Juan Luis Bergareche Busquet		Sociedad Vascongada de Publicaciones, S.A.	0.2780%	-
Santiago de Ybarra y Churruca	Uncle of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Sociedad Vascongada de Publicaciones, S.A.	0.6084%	Board director
		Diario ABC, S.L.	0.0002%	Board director
Emilio de Ybarra y Churruca	Father of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Sociedad Vascongada de Publicaciones, S.A.	0.64%	-
Alvaro Ybarra Zubiría	Natural person representative of Onchena, S.L.	Mediaset	0.00499%	-
		Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Mariano Angel Ybarra Zubiria	Brother of Alvaro Ybarra Zubiría (natural person representative of Onchena, S.L.)	Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Luis Maria Ybarra Zubiria		Sociedad Vascongada de Publicaciones, S.A.	0.0135%	Board director
Maria Dolores Ybarra Zubiria		Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Flora Ybarra Zubiria		Sociedad Vascongada de Publicaciones, S.A.	0.0136%	-
Soledad Luca de Tena García-Conde	Natural personal representative and Joint and Several Administrator of Valjarafe, S.L.	Diario ABC, S.L.	0.00002%	Vice-Chair
		Sociedad Vascongada de Publicaciones, S.A.	0.0841%	-
		Estudios de Política Exterior, S.A.	5.93%	Director
Catalina Luca de Tena García-Conde	Sister of Soledad Luca de Tena García-Conde	Diario ABC, S.L.	0.00002%	Chair
		Sociedad Vascongada de Publicaciones, S.A.	0.1076%	-
		Ediciones Luca de Tena, S.L.	95%	Sole Administrator

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Details of investments in companies with similar activities and of the performance, as independent professionals or as employees, of similar activities by the Directors and parties related to them

Furthermore, the performance of activities in addition to those indicated in the above table by the various members of the Board of Directors on their own behalf, or on the behalf with third parties, that are the same, similar or supplementary to the activities making up the Parent Company's corporate purpose are set out below:

Directors:

Name	Activity	Activity type	Company through which the service is rendered	Positions held or duties performed at the company concerned
Luis Enriquez Nistal				
Diario ABC, S.L.	Newspaper publishing	Own behalf	-	Board director
Sociedad Gestora de Televisión NET TV, S.A.	Television	Own behalf	-	Chair
Diario El Correo, S.A.U.	Newspaper publishing	Own behalf	-	Board director
Federico Domenech, S.A.	Newspaper publishing	Own behalf	-	Board director
Comeresa Prensa, S.L.U.	Holding	Own behalf	-	Joint Administrator
Corporación de Nuevos Medios Digitales, S.L.U.	Holding	Own behalf	-	Joint Administrator
Comeresa Pais Vasco, S.L.U.	Holding	Own behalf	-	Joint Administrator
Radio Publi, S.L.	Radio	Own behalf	-	Chairman and CEO

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Related parties:

Related parties	Association with the Director	Company in which the position is held or duties are performed	Positions held or duties performed at the company concerned
Enrique de Ybarra	Natural personal representative of Energay de Inversiones, S.L.	Diario El Correo, S.A.	Chairman and Director
		Sociedad Vascongada de Publicaciones, S.A.	Director
		Editorial Cantabria, S.A.	Board director
		Diario ABC. S.L.	Board director
Jorge Bergareche Busquet	Brother of Santiago Bergareche Busquet	Diario El Correo, S.A.U.	Board director
Jose María Bergareche Busquet		Diario El Correo, S.A.U.	Board director
		Sociedad Vascongada de Publicaciones, S.A.	Chair
Santiago de Ybarra y Churruca	Uncle of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Diario El Correo, S.A.U.	Board director
		El Norte de Castilla, S.A.	Board director
Emilio de Ybarra y Churruca	Father of Ignacio Ybarra Aznar (Representative of Mezouna, S.L.)	Diario El Correo, S.A.U.	Board director
		Estudios de Política Exterior, S.A.	Board director
Soledad Luca de Tena García-Conde	Natural personal representative and Joint and Several Administrator of Valjarafe, S.L.	Radio Publi, S.L.	Director
		Diario El Correo, S.A.U.	Director (until 22/12/2016)
		Federico Doménech, S.A.	Director
Catalina Luca de Tena García-Conde	Sister of Soledad Luca de Tena García-Conde	ABC Sevilla, S.L.U.	Joint Administrator

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(Thousand euro)

38. Guarantees to third parties

The main guarantees granted by the Group at 31 December 2016 and 2015 are as follows, classified by type:

Purpose	Thousand euro 2016	Thousand euro 2015
Operation of the digital land public radio broadcasting service (Notes 3 and 18).	99	100
Operation of the digital television service and acquired commitments	-	-
Other	10,692	11,381
Total	**10,791**	**11,481**

39. Audit fees

The fees relating to the services rendered by the main auditor to the various companies that make up the Group, as well as by other related companies and by other auditors. The main auditor during the year was PricewaterhouseCoopers Auditores, S.L.

	Thousand euro 2016	Thousand euro 2015
Audit services (*)	467	466
Other verification services rendered by the auditor	72	72
Total audit and related services	**539**	**538**
Other services rendered by the auditor	2	2
Other services rendered by companies related to the auditor	16	56
Total	**557**	**596**

(*) This amount includes €42 thousand at 31 December 2016 relating to expenses incurred with respect to the 2015 audit performed by PricewaterhouseCoopers Auditores, S.L.

40. Events after the reporting period

In January 2017 the Group announced and started to apply a restructuring plan to transform its business.

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SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Págin

Sociedad							Domicilio	Actividad	Porcentaje			Miles de euros						
									Participación			Capital	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)			Otras partidas del patrimonio neto	Dividendo a cuenta
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Control	desembolsado		Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio		
GRUPO:																		
Periódicos																		
Diario El Correo, S.A.U.	✓	✓			✓		Bilbao	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	8.000	41.835	12.718	13.755	9.436	-	(7.870)
Sociedad Vascongada de Publicaciones, S.A.	✓	✓				✓	San Sebastián	Prensa Diaria, portal local y edición electrónica de prensa	-	75,81%	75,81%	4.799	39.717	11.153	11.958	8.086	-	(6.190)
Editorial Cantabria, S.A.			✓			✓	Santander	Prensa Diaria, portal local y edición electrónica de prensa	-	90,70%	90,70%	2.308	5.386	2.538	2.649	1.833	-	-
Nueva Rioja, S.A.							Logroño	Prensa Diaria, portal local y edición electrónica de prensa	-	58,98%	58,98%	1.000	6.226	-	113	(336)	-	-
La Verdad Multimedia, S.A.			✓				Murcia	Prensa Diaria, portal local y edición electrónica de prensa	-	97,88%	97,88%	3.333	9.440	(628)	(513)	(475)	-	-
Corporación de Medios de Andalucía, S.A.			✓			✓	Granada	Prensa Diaria, portal local y edición electrónica de prensa	-	99,11%	100,00%	3.333	11.458	78	267	188	-	-
Corporación de Medios de Extremadura, S.A.			✓	✓	✓		Badajoz	Prensa Diaria	-	97,96%	97,96%	408	(1.281)	(126)	(251)	(158)	-	-
Prensa Malagueña, S.A.			✓				Málaga	Prensa Diaria	-	88,11%	88,11%	4.950	15.091	678	931	639	-	-
El Norte de Castilla, S.A.			✓			✓	Valladolid	Prensa Diaria, portal local y edición electrónica de prensa	-	77,60%	77,60%	2.168	14.508	774	1.059	648	-	-
El Comercio, S.A.							Gijón	Prensa Diaria, portal local y edición electrónica de prensa	-	51,46%	51,46%	105	6.487	(283)	(226)	(440)	-	-
Corporación de Medios de Cádiz, S.L.U.			✓	✓	✓		Cádiz	Prensa Diaria, portal local y edición electrónica de prensa	-	100,00%	100,00%	650	11	(261)	(316)	(2.305)	-	-
Federico Domenech, S.A.			✓			✓	Valencia	Prensa Diaria, portal local y edición electrónica de prensa	-	84,99%	84,99%	458	19.584	(58)	(63)	(1.584)	-	-
Diario ABC, S.L.			✓	✓	✓		Madrid	Prensa Diaria, portal local y edición electrónica de prensa	-	99,99%	99,99%	6.276	(25.826)	20.099	13.772	2.596	-	-
ABC Sevilla, S.L.U.			✓	✓	✓		Sevilla	Editorial	-	99,99%	100,00%	600	2.117	603	(1.977)	(8.116)	-	-
Ediciones Digitales Hoy, S.L.U.			✓		✓		Badajoz	Portal local y edición electrónica de prensa	-	97,96%	100,00%	100	84	(63)	(63)	(47)	-	-
Bilbao Editorial Producciones, S.L.U.	✓	✓			✓		Vizcaya	Artes Gráficas	-	100,00%	100,00%	12.000	9.936	(1.694)	(1.674)	(1.190)	-	-
Sociedad Vascongada de Producciones, S.L.U.	✓	✓			✓		San Sebastián	Artes Gráficas	-	100,00%	100,00%	3.000	5.444	198	276	198	-	-
Printolid, S.L.U.			✓		✓		Valladolid	Artes Gráficas	-	100,00%	100,00%	3.009	6.489	(1.813)	(1.872)	(1.404)	(18)	-
Guadalprint Impresión, S.L.							Málaga	Artes Gráficas	-	65,00%	65,00%	1.500	(587)	(9)	(122)	(122)	-	-
Localprint, S.L.						✓	Alicante	Artes Gráficas	-	50,00%	50,00%	10.000	1.689	(24)	(115)	(86)	-	-
Rotomadrid, S.L.			✓		✓		Madrid	Artes Gráficas	-	95,00%	95,00%	1.000	19.531	1.489	1.387	1.047	-	-
Andaluprint, S.L.U.			✓		✓		Sevilla	Artes Gráficas	-	99,99%	100,00%	411	2.777	(695)	(749)	(1.859)	-	-
Comeco Gráfico, S.L.U.			✓		✓		Madrid	Artes Gráficas	-	100,00%	100,00%	60	-	(40)	(39)	(29)	-	-
Beralan, S.L.	✓					✓	Guipúzcoa	Distribución	-	50,49%	50,49%	218	3.682	607	1.109	792	-	-
CM Norte, S.L.U.	✓	✓			✓		Bilbao	Publicidad	-	100,00%	100,00%	88	19	75	96	69	-	-
CM Gipuzkoa, S.L.U.	✓	✓					San Sebastián	Publicidad	-	75,81%	100,00%	100	168	4	12	9	-	-
Comercializadora Multimedia de Cantabria, S.L.			✓				Santander	Publicidad	-	90,70%	100,00%	60	(3)	8	10	7	-	-
Rioja Medios, Compra de Medios de Publicidad, S.A.U.							Logroño	Publicidad	-	58,98%	100,00%	61	100	(3)	4	3	-	-
Comercializadora de Medios Andalucía, S.L.U.			✓				Granada	Publicidad	-	99,11%	100,00%	300	190	42	49	37	-	-
CM Extremadura Publicidad Multimedia, S.L.U.			✓		✓		Badajoz	Publicidad	-	97,96%	100,00%	150	(28)	18	18	10	-	-
Corporación de Medios del Sur, S.L.			✓				Málaga	Publicidad	-	88,11%	100,00%	5	31	(2)	(5)	(4)	-	-
Comercializadora de Medios de Castilla y León, S.L.U.			✓				Valladolid	Publicidad	-	77,60%	100,00%	60	14	1	1	1	-	-
Comercializadora de Medios de Asturias, S.L.							Gijón	Publicidad	-	51,45%	99,99%	30	(9)	1	2	1	-	-
La Voz de Avilés, S.L.							Avilés	Prensa Diaria	-	43,70%	84,92%	52	(17)	2	2	1	-	-
Zabalik 2.000, S.L.U.	✓	✓					San Sebastián	Explotación y comercialización de contenidos	-	75,81%	100,00%	3	142	(2)	(0)	(1)	-	-
Fiesta Alegre, S.L.U.			✓				Valencia	Promoción y Arrendamiento Inmuebles	-	84,99%	100,00%	8.489	1.328	(11)	172	129	-	-
Servicios Redaccionales Bilbainos, S.L.U.	✓	✓			✓		Bilbao	Prensa Gratuita	-	100,00%	100,00%	550	81	13	26	19	-	-
Corporación de Medios de Alicante, S.L.			✓				Alicante	Servicios apoyo redaccionales y comerciales	-	91,44%	100,00%	4	(0)	2	-	-	-	-
Taller de Editores, S.A.			✓			✓	Madrid	Edición Suplementos	-	80,48%	80,48%	1.763	10.513	(63)	104	31	-	-
Inversor Ediciones, S.L.							Madrid	Publicación de revistas económicas	-	66,48%	82,61%	133	829	77	93	71	-	-
Desde León al mundo, S.L.							León	Portal local y edición electrónica de prensa	-	62,08%	80,00%	23	70	(17)	(17)	(13)	-	-
Audiovisual																		
Teledonosti, S.L.	✓						San Sebastián	Televisión local	-	75,81%	100,00%	1.250	71	(26)	(7)	(5)	-	-
Rioja Televisión, S.A.							Logroño	Radio Difusión y TV Autonómica	-	54,41%	92,26%	1.204	(481)	2	17	17	-	-
La Verdad Radio y Televisión, S.A.			✓				Murcia	Radio Difusión y TV Local	-	79,50%	81,22%	1.040	(613)	291	291	218	-	-
El Comercio Televisión, Servicios Audiovisuales, S.L.							Gijón	Televisión local	-	51,46%	100,00%	357	(86)	(6)	(6)	(29)	-	-
Las Provincias Televisión, S.A.U.			✓				Valencia	Televisión local	-	84,99%	100,00%	1.500	(493)	(7)	29	22	-	-
Sociedad Gestora de Televisión Onda 6, S.A.U.			✓		✓		Madrid	Televisión Digital	-	100,00%	100,00%	7.710	(3.029)	692	818	818	-	-

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	Porcentaje – Participación – Directa	Porcentaje – Participación – Indirecta	Porcentaje – Control	Miles de euros – Capital desembolsado	Miles de euros – Reservas y otras partidas de Fondos Propios	Resultado del periodo (1) – Resultado de explotación	Resultado del periodo (1) – Rdo antes de IS de op's continuadas	Resultado del periodo (1) – Resultado del ejercicio	Otras partidas del patrimonio neto	Dividendo a cuenta
Sociedad Gestora de Televisión NET TV, S.A.						✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	5.854	6.111	4.509	-	(2.893)
Avista Televisión de Andalucía, S.A.U.			✓	✓	✓		Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(2.106)	262	278	209	-	-
Radio Publi, S.L.			✓			✓	Madrid	Radio Difusión nacional	-	84,20%	84,20%	21.275	189	1.791	1.611	(4.394)	-	(455)
Onda Ramblas, S.A.U.			✓				Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.807	157	171	128	-	-
Radio El Correo, S.L.U.	✓	✓			✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	14	13	13	9	-	-
Veralia Corporación de Productoras de Cine y Televisión, S.L.					✓		Madrid	Holding	-	69,99%	69,99%	29.607	(82)	1	(1.077)	(10.874)	-	-
Radio LP, S.L.U.			✓				Valencia	Radio Difusión local	-	84,99%	100,00%	243	75	3	234	234	-	-
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓	✓			✓		Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.374)	(7)	80	58	-	-
Veralia Contenidos Audiovisuales, S.L.U.					✓		Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	3.779	(429)	(618)	(438)	-	-
Veralia Distribución de Cine, S.A.U.					✓		Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	51	3.342	3.453	2.590	-	-
Editorial Cantabria de Radiotelevisión, S.A.U.			✓				Santander	Radio Difusión	-	90,70%	100,00%	650	(198)	44	48	80	-	-
Clasificados																		
Desarrollo de Clasificados, S.L.U.			✓		✓		Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	14.040	(439)	(815)	(1.896)	-	-
Infoempleo, S.L.							Madrid	Servicios búsqueda de empleo y consultoría	-	51,00%	51,00%	1.269	(361)	(93)	(92)	(79)	-	-
Autocasión Hoy, S.A.							Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.247	1.583	1.606	1.196	-	-
Habitatsoft, S.L.U.			✓		✓		Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	(240)	325	277	1.478	-	-
Contact Center Venta Interactiva, S.L.U.			✓		✓		Madrid	Venta de clasificados		100,00%	100,00%	4	198	23	20	15	-	-
Estructura																		
Comercial Multimedia Vocento, S.A.U.			✓	✓	✓		Madrid	Publicidad	-	100,00%	100,00%	600	(1.390)	347	382	(73)	-	-
Distribuciones COMECOSA, S.L.U.	✓	✓			✓		Vizcaya	Holding	-	100,00%	100,00%	451	17.735	(43)	54	61	-	-
Comeresa Prensa, S.L.U.			✓		✓		Madrid	Holding	100,00%	-	100,00%	403.069	21.980	(8.539)	(1.193)	(48.352)	-	-
Comeresa Pais Vasco, S.L.U.	✓	✓			✓		Vizcaya	Holding	100,00%	-	100,00%	9.686	146.623	(17)	14.943	14.414	-	-
Comeco Impresión, S.L.U.	✓	✓			✓		Vizcaya	Holding	-	100,00%	100,00%	9.249	32.179	(16)	(7.855)	(7.813)	-	-
Corporación de Nuevos Medios Digitales, S.L.U.			✓		✓		Madrid	Holding	-	100,00%	100,00%	1.500	49.017	(205)	2.630	3.743	-	-
Agencia Colpisa, S.L.U.			✓		✓		Madrid	Agencia de Noticias	-	100,00%	100,00%	92	211	(24)	(12)	37	-	-

EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad							Domicilio	Actividad	% Participación		Miles de euros				
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta	Capital	Reservas y otras partidas de Fondos	Resultado del periodo (1)	Otras partidas del patrimonio neto	Dividendo a cuenta
ASOCIADAS:															
Periódicos															
Distribuciones Papiro, S.L.							Salamanca	Distribución	-	26,35%	37	140	534	-	-
Cirpress, S.L.							Asturias	Distribución	-	27,88%	12	2.319	145	-	-
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	2.941	436	-	-
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	(724)	744	-	-
Estructura															
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.				✓			Madrid	Kiosko digital	-	50,00%	53	(558)	(59)	-	-

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.
(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comeresa Prensa, S.L.U., sociedad dominante en 2014, como entidad representante del grupo fiscal

(5) Sociedad no incursa en causa de disolución prevista en la Ley de Sociedades de Capital por cuanto se adoptaron o comprometieron medidas de restablecimiento del equilibrio patrimonial (i.e. aportación de socios, ampliación o reducción de capital, préstamo participativo etc.)

(6) Sociedad garante en relación a la operación del prestamo sindicado (Nota 20)

(7) Sociedad pignorada en relación a la operación del prestamo sindicado (Nota 20)

Vocento, s.a.
Pintor Losada, 7. 48004 Bilbao (Bizkaia).

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A ES SOCIEDAD DOMINANTE

Sociedad							Domicilio	Actividad	Porcentaje			Miles de euros				
									Participación		Control	Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado del periodo (1)		
	(2)	(3)	(4)	(5)	(6)	(7)			Directa	Indirecta				Resultado de explotación	Rdo antes de IS de op's continuadas	Resultado del ejercicio
Sociedad Gestora de Televisión NET TV, S.A.						✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	3.797	4.183	2.63
Avista Televisión de Andalucía, S.A.U.				✓	✓		Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(1.710)	(271)	(233)	(231
La 10 Canal de Televisión, S.L.U.				✓	✓		Madrid	Televisión Digital	-	100,00%	100,00%	1.000	18.802	(41)	(127)	(993
Radio Publi, S.L.				✓		✓	Madrid	Radio Difusión nacional	-	84,20%	84,20%	32.671	(9.897)	1963	(8.437)	(3.660
Onda Ramblas, S.A.U.				✓			Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.994	(169)	(99)	(218
Radio El Correo, S.L.U.	✓	✓	✓		✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	6	17	11	8
Cartera de Medios, S.A.U.				✓	✓		Badajoz	Radio Difusión local	-	97,96%	100,00%	550	(111)	43	43	14
Radio Gaditana 2005, S.L.U.				✓	✓		Cádiz	Radio Difusión local	-	100,00%	100,00%	13	78	22	22	[illegible]
Veralia Corporación de Productoras de Cine y Televisión, S.L.					✓		Madrid	Holding	-	69,99%	69,99%	58.282	(17.961)	(27)	(9.885)	(10.635
Proviradio, S.L.U.				✓			Valencia	Radio Difusión local	-	78,26%	100,00%	270	235	-	-	(1
Radio LP, S.L.U.				✓	✓		Valencia	Radio Difusión local	-	78,26%	100,00%	243	23	29	40	16
E-Media Punto Radio, S.A.U.				✓	✓		Madrid	Radio Digital	-	100,00%	100,00%	60	33	72	72	6
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓		✓		✓		Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.544)	(10)	146	10
Europroduzione, S.R.L.					✓		Italia	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	810	(258)	495	441	349
Veralia Contenidos Audiovisuales, S.L.U.					✓		Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	5.197	(1.214)	(1.378)	(1.166
Veralia Distribución de Cine, S.A.U.					✓		Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	1.251	2.781	3.009	2.094
Editorial Cantabria de Radiotelevisión, S.A.U.				✓			Santander	Radio Difusión	-	90,70%	100,00%	650	(168)	25	25	(62
Clasificados																
Desarrollo de Clasificados, S.L.U.				✓	✓		Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	18.435	(530)	(2.729)	(3.850
Infoempleo, S.L.							Madrid	Servicios búsqueda de empleo y consultoria	-	51,00%	51,00%	1.269	-	(195)	(204)	(278
Autocasión Hoy, S.A.							Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.102	243	249	14
Habitatsoft, S.L.U.				✓	✓		Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	1.134	(1.260)	(1.345)	(1.228
Contact Center Venta Interactiva, S.L.U.				✓	✓		Madrid	Venta de clasificados		100,00%	100,00%	4	296	(88)	(88)	(88
Otros																
Factoria de Información, S.A.U.					✓		Madrid	Prensa gratuita	100,00%	-	100,00%	301	250	33	49	4
Estructura																
Comercial Multimedia Vocento, S.A.U.				✓	✓		Madrid	Publicidad	-	100,00%	100,00%	600	(959)	(466)	(422)	(535
Distribuciones COMECOSA, S.L.U.	✓		✓		✓		Vizcaya	Holding	-	100,00%	100,00%	451	16.260	(47)	1.263	1.17
Comeresa Prensa, S.L.U.				✓	✓		Madrid	Holding	100,00%	-	100,00%	403.069	127.404	(5.876)	(62.066)	(94.302
Comeresa País Vasco, S.L.U.	✓		✓		✓		Vizcaya	Holding	100,00%	-	100,00%	9.686	60.382	(5)	19.460	18.30
Corporación de Medios Internacionales de Prensa, S.A. U.	✓		✓		✓		Vizcaya	Holding	100,00%	-	100,00%	60	841	(1)	2.431	2.43
Corporación de Medios de Comunicación, S.L.U.	✓		✓		✓		Vizcaya	Holding	100,00%	-	100,00%	12.064	22.363	(11)	16.807	16.63
Comeco Impresión, S.L.U.	✓		✓		✓		Vizcaya	Holding	-	100,00%	100,00%	9.249	43.092	(196)	(6.401)	(5.351
CSC Madrid, S.L.U.				✓	✓		Madrid	Servicios administrativos a sociedades	-	100,00%	100,00%	66	357	(30)	(30)	(46
Corporación de Nuevos Medios Digitales, S.L.U.				✓	✓		Madrid	Holding	-	100,00%	100,00%	1.500	44.206	(20)	528	(4.031
Agencia Colpisa, S.L.U.				✓	✓		Madrid	Agencia de Noticias	-	100,00%	100,00%	92	170	(19)	-	(7

SOCIEDADES DEPENDIENTES DEL GRUPO DE SOCIEDADES DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	Porcentaje Participación Directa	Porcentaje Participación Indirecta	Porcentaje Control	Capital desembolsado	Reservas y otras partidas de Fondos Propios	Resultado explotaci
Sociedad Gestora de Televisión NET TV, S.A.						✓	Madrid	Televisión Digital	-	55,00%	55,00%	6.030	6.558	5
Avista Televisión de Andalucía, S.A.U.			✓		✓		Sevilla	Televisión Digital	-	100,00%	100,00%	1.800	(1.941)	(
Radio Publi, S.L.			✓			✓	Madrid	Radio Difusión nacional	-	84,20%	84,20%	22.775	(3.660)	2
Onda Ramblas, S.A.U.			✓				Barcelona	Radio Difusión nacional	-	84,20%	100,00%	60	1.776	
Radio El Correo, S.L.U.	✓	✓			✓		Bilbao	Radio Difusión local	-	100,00%	100,00%	6	14	
Radio Gaditana 2005, S.L.U.			✓		✓		Cádiz	Radio Difusión local	-	100,00%	100,00%	13	79	
Veralia Corporación de Productoras de Cine y Televisión, S.L.					✓		Madrid	Holding	-	69,99%	69,99%	58.282	(28.596)	
Proviradio, S.L.U.			✓				Valencia	Radio Difusión local	-	79,58%	100,00%	270	233	
Radio LP, S.L.U.			✓			✓	Valencia	Radio Difusión local	-	83,68%	100,00%	243	39	
Corporación de Medios Radiofónicos Digitales, S.A.U.	✓	✓			✓		Vizcaya	Radio Digital	100,00%	-	100,00%	5.560	(2.439)	
Veralia Contenidos Audiovisuales, S.L.U.					✓		Madrid	Producciones cinematográficas y de programas de TV	-	69,99%	100,00%	1.000	4.031	(
Veralia Distribución de Cine, S.A.U.					✓		Madrid	Distribución de producciones cinematográficas	-	69,99%	100,00%	1.082	51	3
Editorial Cantabria de Radiotelevisión, S.A.U.			✓				Santander	Radio Difusión	-	90,70%	100,00%	650	(214)	
Clasificados														
Desarrollo de Clasificados, S.L.U.			✓		✓		Madrid	Holding de Clasificados	-	100,00%	100,00%	1.500	14.584	(
Infoempleo, S.L.							Madrid	Servicios búsqueda de empleo	-	51,00%	51,00%	1.269	(278)	
Autocasión Hoy, S.A.							Madrid	Revista electrónica y clasificados motor	-	60,00%	60,00%	77	2.102	
Habitatsoft, S.L.U.			✓		✓		Barcelona	Clasificados inmobiliarios y servicios	-	100,00%	100,00%	3	(93)	(
Contact Center Venta Interactiva, S.L.U.			✓		✓		Madrid	Venta de clasificados		100,00%	100,00%	4	208	
Estructura														
Comercial Multimedia Vocento, S.A.U.			✓		✓		Madrid	Publicidad	-	100,00%	100,00%	600	(1.494)	
Distribuciones COMECOSA, S.L.U.	✓	✓			✓		Vizcaya	Holding	-	100,00%	100,00%	451	17.434	
Comeresa Prensa, S.L.U.			✓		✓		Madrid	Holding	100,00%	-	100,00%	403.069	33.701	(5.
Comeresa Pais Vasco, S.L.U.	✓	✓			✓		Vizcaya	Holding	100,00%	-	100,00%	9.686	129.747	
Comeco Impresión, S.L.U.	✓	✓			✓		Vizcaya	Holding	-	100,00%	100,00%	9.249	37.741	
CSC Madrid, S.L.U.			✓		✓		Madrid	Servicios administrativos a sociedades	-	100,00%	100,00%	66	311	
Corporación de Nuevos Medios Digitales, S.L.U.			✓		✓		Madrid	Holding	-	100,00%	100,00%	1.500	44.162	(
Agencia Colpisa, S.L.U.			✓		✓		Madrid	Agencia de Noticias	-	100,00%	100,00%	92	162	

Vocento, s.a.
Pintor Losada, 7. 48004 Bilbao (Bizkaia).

EMPRESAS ASOCIADAS DEL GRUPO DE SOCIEDADES
DEL QUE VOCENTO, S.A. ES SOCIEDAD DOMINANTE

Sociedad	(2)	(3)	(4)	(5)	(6)	(7)	Domicilio	Actividad	% Participación Directa	% Participación Indirecta	Capital	Reservas y otras partidas de Fondos
ASOCIADAS:												
Clasificados												
11870 Información en general, S.L.				✓			Madrid	Clasificados	-	35,57%	25	(101)
Periódicos												
Distribuciones Papiro, S.L.							Salamanca	Distribución	-	26,35%	37	1.496
Cirpress, S.L.							Asturias	Distribución	-	27,88%	12	2.055
Distrimedios, S.L.							Cádiz	Distribución	-	22,50%	100	4.332
Val Disme, S.L.							Valencia	Distribución	-	22,75%	144	309
Estructura												
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.				✓			Madrid	Kiosko digital	-	50,00%	53	(554)

(1) Estimados y/o pendientes de aprobación por las correspondientes Juntas Generales de Accionistas y antes de la distribución de dividendos. No existen resultados por operaciones interrumpidas en ninguna sociedad.

(2) Sociedades dependientes sometidas a normativa foral del Impuesto sobre Sociedades.

(3) Sociedades que conforman el Grupo Fiscal Consolidado del País Vasco.

(4) Sociedades que conforman el Grupo Fiscal Consolidado en territorio común cuya Sociedad Dominante es Vocento, S.A.; conforme la nueva definición de la LIS pasa a ser la entidad dominante del grupo fiscal, designando a Comeresa Prensa, S.L.U., sociedad dominante en 2014, como entidad representante del grupo fiscal

(5) Sociedad incursa en causa de disolución en virtud del Texto Refundido de la Ley de Sociedades Anónimas o de la Ley de Sociedades de Responsabilidad Limitada en la que se han adoptado o se adaptarán próximamente las medi

(fusión, ampliación de capital, etc.) para restablecer su equilibrio patrimonial.

(6) Sociedad garante en relación a la operación del prestamo sindicado (Nota 20)

(7) Sociedad pignorada en relación a la operación del prestamo sindicado (Nota 20)

Vocento, s.a.
Pintor Losada, 7. 48004 Bilbao (Bizkaia).

Vocento, S.A. and Subsidiaries

Directors' Report 2016

I. INTRODUCTION: VOCENTO IN THE ECONOMIC ENVIRONMENT

The Spanish economy confirmed its recovery with GDP growth in 2016 at +3.2%, based on the first estimates provided by the National Statistics Institute (INE). This recovery is sustained on the 3% improvement in employment over the past year in accordance with Social Security registrations. The notable growth in employment is joined by the positive impact of external shocks such as the low price of oil, low interest rates and the growing insecurity in tourist destination such as Egypt or Turkey.
This expansion of activities, with household spending growth of 3.1% in accordance with the Funcas panel consensus, was not fully reflected in the advertising market which grew by 2.9%, with the press and internet reflecting -7.1% and +14%, respectively.
The outlook for 2017 consists of a slowdown in the rate of economic growth to 2.4%, according to the Funcas panel consensus. The estimate is that advertising investment will grow by 2.2% according to i2p, slightly less in 2017 than in 2016, with an estimated variation of -7.3% in press and +8.2% in Internet and the latter would exceed the press as an advertising medium.

II. EVOLUTION OF VOCENTO'S BUSINESS

VOCENTO is a multimedia group led by VOCENTO, S.A., and it engages in the various areas that make up the communications media business.

The management information organization defines the Newspaper, Audiovisual and Classified lines of business. This grouping of information will be used to report to the market and includes all of the businesses in which VOCENTO is present and which are assigned to each of the three business segments. The segment "Other" mainly includes the B2B business, Sarenet, which was sold at the end of 2014 (see Relevant Fact dated 15 December 2014) and therefore lies outside of the scope of consolidation in 2015.

Details of VOCENTO's business segments in 2016

PERIODICOS (print y digital)

REGIONALES

- El Correo
- La Verdad
- El Diario Vasco
- El Norte de Castilla
- El Diario Montañés
- Ideal
- Sur
- Las Provincias

- El Comercio
- Hoy
- La Rioja
- Imprentas locales
- Distribución local (Beralán)
- Agencia de noticias (Colpisa)
- Comercializadoras locales
- Otras participadas

ABC

- ABC
- Imprenta nacional

SUPLEMENTOS Y REVISTAS

- XL Semanal
- Mujer Hoy
- Corazón CZN TVE
- Inversión y Finanzas
- Mujerhoy.com
- Finanzas.com

AUDIOVISUAL

TDT

- TDT Nacional
  - Net TV

RADIO

- Licencias de radio analógica
- Licencias de radio digital

CONTENIDOS

- Veralia Contenidos (BocaBoca, Europroducciones y Hill Valley)
- Veralia Cine

CLASIFICADOS

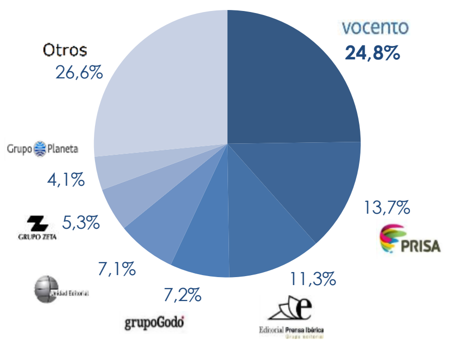
- Pisos.com
- Infoempleo
- Autocasión

IMPORTANT NOTE In order to facilitate the analysis of the information and to appreciate the organic development of the Company, throughout the report explanations are provided when operating expenses, EBITDA, EBIT and net profits are affected by different non-recurring or extraordinary impacts. The most relevant impacts are summarized in two groups: 1) payroll adjustment measures and "one offs" and 2) impacts generated due to changes in the scope of consolidation and by strategic business decisions (i.e. sale of ABC's property in 2016).

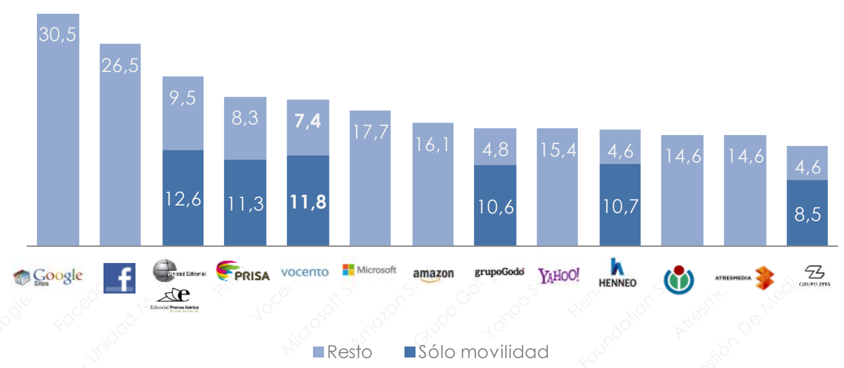
Newspapers (off-line and on-line)

VOCENTO is a clear leader in the general information press sector with a 24.8% quota, and the distance from the immediately following comparable communications group has increased. It is also the leader in terms of audience (in accordance with the third accumulated wave 2016 EGM, more than 2.3 million readers, more than 1 million readers more than the following group) and it has a notable position in the Internet business (audience exceeding 19 million unique monthly users in accordance with comScore, December 2016).

Ordinary readership share[1] (%)



Internet readership ranking[2] (thousands of unique monthly visits)



Note 1: Source OJD 2016. Uncertified data Note 2: Source comScore December 2016. Hanneo is related to Heraldo Group

VOCENTO has an active presence in the new digital from both new business development and the creation of the internal infrastructure that is necessary for an optimal position.

VOCENTO works in the following areas to accelerate digital growth:

i. Increase in digital income: Action intended to maximize advertising income by segmenting audiences and providing multi-screen offers.

   Among the many measures carried out is the launch of the Local Digital Kit in April 2016, which is a solution for local digital presence and advertising. It is a group of digital marketing tools which, together with the presence in local digital edition content, allows SMEs to effectively reach customers and obtain an immediate return on their investments. After the launch in six cities, most during the latter part of the year, there are nearly 300 customers in its portfolio.

   The objective for 2017 is the launch in the rest of the cities in which VOCENTO has a media presence and diversify the customer base into new sectors.

   During the first part of this year a new version of Oferplan will be launched. This product is an innovative offer and plan portal that reflects its evolution from a portal dedicated to coupons to a new concept that combines coupons and reservations, configured as an entertainment guide with attractive discounts.

Both Local Digital Kit and Oferplan are businesses with a slower maturity phase but which will provide greater stability to VOCENTO's income statement.

In July a 19.9% interest was acquired in Dinero Gelt S.L. through Media for Equity -M4E. This company owns an application that allows users to access a broad range of consumer products using digital coupons.

These initiatives allow contact to be made with advertising sectors that traditionally do not invest massively in press support, and that therefore represents a broadening of the customer base.

ii. Development of new digital products**:** supported by VOCENTO Media Lab. Its objective is to research, experiment and enable innovative trends of interest through pilot experiences using the company's mastheads. VOCENTO Media Lab is involved with the driving of data journalism and the new digital narratives, as well as the internal training of journalists, and the dynamics involved with sharing knowledge among technical, publishing and business areas at the Company. An important milestone was the launch of Eslang as a responsive portal for the millennial audience.

A key in innovation resides in mobility, where there have been notable milestones such as the new applications for premium subscribers to on+ or ABC as the leading Spanish newspaper in Facebook Instant Articles.

In 2017 the following lines of execution will be notable:

i. The push for social networks, mobile devices and video.

ii. The reinforcement of user engagement through personalized conversations through bots and the development of several applications.

iii. User knowledge and behavior**:** Creation and development of databases, user experience management, unification and qualification of audiences, and loyalty programs through what is known as big data.

In 2016 a user data management platform was implemented. In 2017 advances will be made in contacting and qualifying audiences. These tools have several objectives, such as increasing both transactional income thanks to cross sales and sales of products and services, among others, and advertising income.

The improvement of digital advertising income will be obtained through an increase in inventory- engagement - as well as the optimization of the monetization of that inventory due to the qualification of audiences.

Graphic summary of the position and digital celebration of VOCENTO

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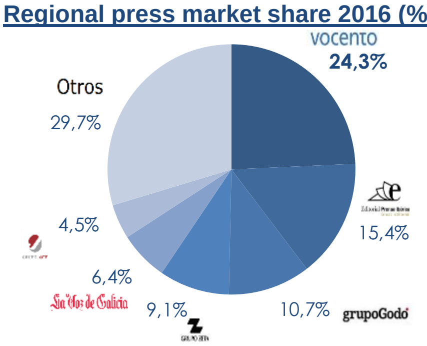
Regional Newspapers

VOCENTO is the clear leader in regional markets in Spain due to the roots and excellent position of its 11 regional newspapers: El Correo, El Diario Vasco, El Diario Montañés, El Norte de Castilla, La Verdad, Ideal, Las Provincias, Sur, El Comercio, Hoy and La Rioja. The notoriety of the newspapers, some of which are more than 100 years old, their high level of local recognition and their deep relationship with their region, make them references in their respective markets. Rigorous and independent journalism is their best credential.

VOCENTO's regional newspapers maintain their leadership in terms of readership in 2016, and they held a market share of 24.3% of the regional press, and the following regional press group obtained a share of 15.4%.

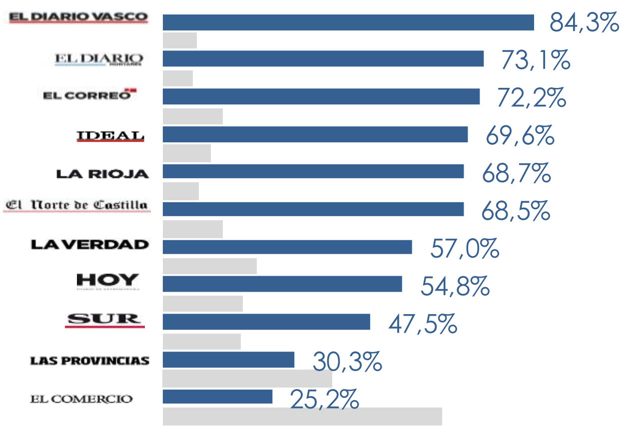
Regional press market share 2016 (%)[1]



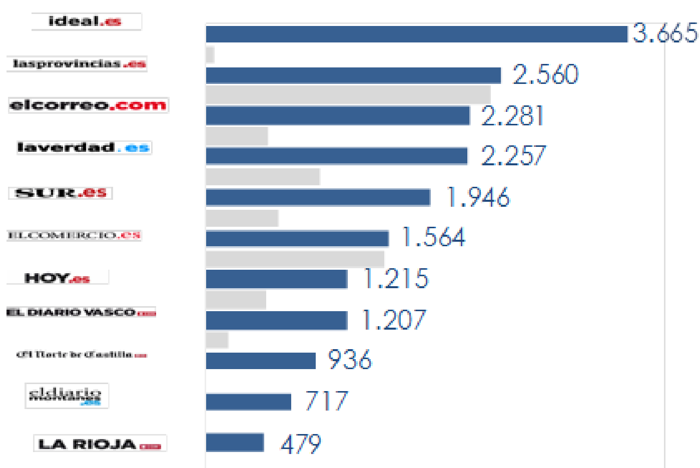
Note 1: Source OJD. Uncertified data

In terms of press audience, **the regional newspapers remain** leaders **both** off-line (more than 2[1] million readers, 0.6 million more readers than the next regional newspaper group), **and on-line** where they attained an audience of more than 192 million unique monthly users. Each of the 11 portals is an audience leader in their market of reference.

Market share in the area of influence by newspaper1 (%)



Local portal audience (thousands of unique monthly users.)[2]



[1] *Source EGM 3rd accumulated wave 2016.*

Source: comScore MMX Multiplatform December 2016. *Total audience= aggregate audiences of the 11 local portals.*

Note 1: Source OJD. 2016. Uncertified data Note 2: Source comScore December 2016.
The main lines of work that are intended to maintain the leadership of the newspapers, regardless of the medium, and to protect the profitability of the business are summarized as follows:

i. Strengthen the digital business: development of the existing e-commerce businesses such as Oferplan, and consolidate the digital payment model "on+", which includes exclusive content, through the launch at El Diario Vasco in May 2016. New products and services such as Local Digital Kit have also been launched.
In 2017 the objective is to expand the geographic presence of the products that have been most successful, notably the Local Digital Kit. We have also expanded the on+ model with its launch at El Diario Montañes in February.
VOCENTO's broad portfolio allows successful pilot experiences to be extrapolated to the rest of the brands.

ii. Protection of profitability**:** increase in the price of some newspapers, continuation of the optimization of processes and resources without ceasing to invest in the quality of editorial products maintain the push for profitable circulation.

National Newspaper- ABC

ABC is VOCENTO's national newspaper and it is more than 110 years old. ABC is VOCENTO's national newspaper and it is more than 110 years old. It is one of the leading national newspapers, in addition to being a newspaper of reference.

ABC has developed a multi-media presence: ABC press + ABC in Kiosks and Más + ABC.es + ABC mobile (applications for different multiscreen environments), in addition to radio with the support of the COPE channel broadcasting agreement. This combination of media allows publishing synergies to be developed and new audiences, including digital audiences, to be obtained.

The printed edition of ABC focuses part of its efforts on ordinary distribution or base sales that include individual subscriptions and newspaper stand sales, which provides the profitability, and decreases non-ordinary publishing in a voluntary and controlled manner (block and collective publishing).

ABC is gaining market share in the key Madrid Regional market, where it is progressively opening a bigger gap with El Mundo, as may be observed in the following illustration, and it is closing in on El País.

ABC.es continues to gain audiences thanks to the potential of mobile devices. According to comScore 12 million unique monthly users were obtained in December 2016, which is +8% growth over its comparables. Of them, 8 million or 67% of the total, originated exclusively from mobile devices, which grew by +21% compared to last year, also above its comparables.

During 2016, the keys in the strategy were the positioning in the market and profitability:

i. Increase in the digital business strengthening mobility, personalization and obtaining new visits while reinforcing services offered and customer utilities(e.g. Oferplan or ABC Photo).

ii. Improvement in profitability through the increase in the prices of newspapers from €2.80 to €3 on Sundays, and continuing with the reduction in printing costs.

iii. Loyalty programs for kiosk readers and the digital kiosk and Más platform.

In 2017, the 2016 strategic objectives are maintained:

1) Digital transformation based on abc.es with a renewed offer in the luxury, cinema and TV lines, the reinforcement of existing services such as Oferplan or ABC Photo, and the launch of new digital products such as, for example, Local Digital Kit in Seville or the discount portal abc.es, which is a new discount digital platform.

Knowledge of customers that allow them to be consistently captured through progressively more effective marketing actions.

2) Protect the profitability of ABC by increasing the price of newspapers from €1.50 to €1.60 Monday through Friday, and the optimization of operating costs.

Supplements and Magazines

VOCENTO publishes the two leading supplements in Spain by readership: XL Semanal and Mujer Hoy. The quality of their authors and their rigorous commitment to information explain their success and differentiating position with respect to the main comparables. These supplements are distributed with all of VOCENTO's newspapers on weekends, as well as with other regional newspapers of recognized prestige.

XL Semanal is the most read Sunday supplement in Spain, and it has an important list of authors such as Carlos Herrera, Arturo Pérez-Reverte, Juan Manuel de Prada, Carmen Posadas or David Gistau, among others. The objective is to continue investing in a differentiating product with a journalistic view that allows it to attract both readers and advertisers.

In addition, Mujer Hoy **is the second most read supplement and continues to be the leading women's publication in its category**. There has been notable activity with respect to corporate projects that allow the brand image to be optimized together with top advertisers, as well as the development of e-commerce products such as Guapabox, within the *beauty boxes* segment.

In the magazine division, Corazón CZN TVE, in alliance with the TVE program Corazón hosted by Anne Igartiburu, is among the leading celebrity magazines.

The men's luxury segment notably includes the large format magazine Código Único targeting upper class urban men interested in luxury and brands.

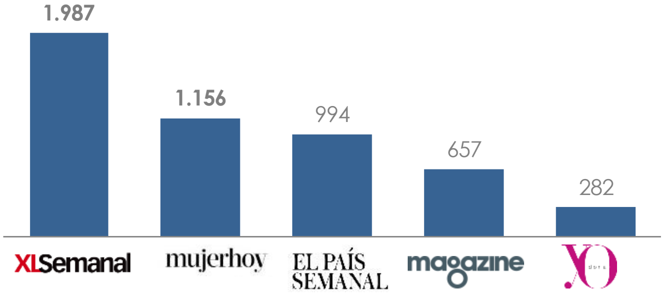
In the financial news area, Inversión y Finanzas is the weekly leader by kiosk sales, thanks to rigorous analysis of the coverage of stock markets and economic news.

There is a notable agreement with Air Europa for corporate magazines covering the publication of its magazine, which has consolidated to become the leader in the segment of *in-flight magazines*.

VOCENTO's magazines and supplements reach a combined audience of nearly 3.3 million readers in 2016, with a clear leadership of XL Semanal (nearly 2 million readers, nearly 1 million more its immediate competitor. Source: 3rd accumulated wave 2016 EGM) and Mujer Hoy (with more than 1 million readers).

Market share of the main supplements in Spain[1]

Thousands of readers



Note 1: EGM.

Pintor Losada, 7. 48004 Bilbao (Bizkaia).

There is also clear leadership with respect to advertising market share. XL Semanal **has consolidated its advertising market share at 34%** among Sunday magazines, based on internal data.
the digital outlet Mujerhoy.com, with nearly 1.3 million unique users according to comScore December 2016, is at the level of the leading portals in the category.

During 2016**,** several measures were implemented in order to improve VOCENTO's supplement and magazine business:

i. Consolidation of the leadership position in terms of both audience and the advertising market share of VOCENTO's supplements after the alliance with Zeta Group to distribute XL Semanal and Mujer Hoy together with El Periódico in Catalonia.
ii. Investment in the attractive portfolio of existing products, such as the redesign of Código Único, for example.
iii. Reinforcement of the positioning of Inversión y Finanzas after the strategic agreement with Bloomberg Businessweek to publish its reports and articles in Spanish.
iv. Push in both the area of events and special actions such as new digital initiatives, notably the redesign of the mujerhoy.com portal, and the launch of XLsemanal.com and codigounico.com, as well as the support of e-commerce through Guapabox, among others.
v. Make that leadership position compatible with the rationalization of costs, without reducing the quality of the editorial content.

In 2017, there are three strategic pillars:

i. Reinforce digital content to allow the growth of traffic to the Internet portals and their monetization, the launch of new products and continue with the support of Guapabox. Maintaining a leadership position in paper publications. XL Semanal also turns 30 in 2017.
ii. Increase the business through new operating lines such as events and the customized design of special actions for customers.

Audiovisual

VOCENTO has a presence in the audiovisual market through the national TDT television license that allows broadcasting on two channels, a network of radio licenses, interests in content producers and the application of a catalog of film rights.

Television

VOCENTO holds a 55% interest in the share capital of Sociedad Gestora de Televisión Net TV S.A. (“NET TV”), which gives it a presence in one of the private operators that have an open national TDT television license.

The two operating NET TV channels broadcast under the names of Disney Channel and Paramount Channel. VOCENTO is thus present in niche television with international world entertainment leaders that guarantee the business of NET TV in the medium.

2016 was the first year of stability in the television regulatory environment, which has resulted in an improvement in the profits obtained by the national television division. 2017 is expected to be a year of continuity.

Radio

The alliance with Cadena COPE since 2013 has allowed stable profits to be obtained as well as reinforcing the ABC brand as its editorial content and communications have a spokesperson through COPE.

Audiovisual production and distribution-Veralia

VOCENTO's presence in the audiovisual production sector (production of entertainment, factual and fictional programs and film distribution) is configured through Veralia Corporación, around: i) Veralia Contenidos, audiovisual production holding company that groups together the BocaBoca Producciones, Europroducciones and Hill Valley brands, and ii) Veralia Distribución de Cine which holds a rights catalog consisting of 219 titles.

Veralia's production companies developed, pre-produced, produced and broadcast several formats in 2016, most notably "9 meses con Samanta", "Magic Manía" (Disney Channel), "Yo Soy del Sur" (Canal Sur), "A Tu Vera" (Castilla la Mancha TV), "Donde quieres estar" (Canal Extremadura) and "El Ministerio del Tiempo" (RTP, Portugal). Another successful program was the New Year's Eve "Telepasión" gala broadcast by TVE.

In 2016 Veralia's production companies have positioned themselves as a reference in the sector after a year in which the volume of productions increased and the customer portfolio was diversified. There is a better outlook in 2017 after reaching an agreement with TVE to produce a daily fictional series.

After the agreement reached in 2013 with certain non-controlling shareholders Veralia Distribución de Cine reduced the risk of the impact of the volatility of the area, due to the absence of the need to invest in Capex, thereby favoring its profitability possibilities. The objective in the cinema area is to continue to maximize income from the existing catalog in a growing market with the entry of new OTT (over the top) operators in the competitive television environment.

Classifieds

VOCENTO's national network of classifieds is unique in the Spanish communications sector as it has a specialized team that focuses on customer service. These qualities are reinforced by the support of ABC.es and 11 of VOCENTO's regional digital publications, which allows a national classified network to be consolidated with offers marked by the content and knowledge of the sector.

The different portals are present with national brands in the three markets of reference for internet classifieds: real estate with pisos.com (top#3 in the category), employment with infoempleo.com (top#4) and used vehicles with autocasion.com (top#6).

The business consolidated in 2016 with notable growth and both income and EBITDA, together with notable market share and penetration. The strategic focus was on the B2B segment with attractive commercial offers. Specific milestones include the redesign of the Infoempleo.com and autocasion.com portals.

The same lines of action for value added products and services is maintained in 2017 to allow deeper knowledge of customers, users and the use of the new technologies. Brand marketing actions are intended to increase advertising revenue from both classifieds and display ads. The measures that allow income from customers to be obtained, repeated and increased will continue. All of these measures will be executed under a profitability policy, maintaining the operating structure.

iii. Notable aspects of the financial development of the businesses

Advertising income declines by -2.2%, in a market that is not performing as well as expected.

Improvement in the 2016 margin €+0.1m but sales income for copies -5.8%

Improvement in the comparable EBITDA +4.1% to €52.2m

Net comparable profit is positive at €3.2m but the impact due to the changes in corporate income tax not affecting cash lead to reported profits down by €-60.0m

Net financial debt/EBITDA in 2016 comparable was 1.3x vs 2015 2.2x

- **Advertising income down by -2 .2% in a declining market**
  - (i) VOCENTO's advertising income in 2016 declined by -2.2% in a declining advertising market: 2016E was +5.0%[3] in 1Q16 to 2.9% actual.
  - (ii) Improvement in the off-line market share: VOCENTO off-line brands -6.6% vs market -7.1%[1]. Lower growth in on-line brands and classifieds +12.4% vs market +14.0%[1].
  - (iii) Growing digital exposure: in 2016 31.1% of total advertising income originated from digital sources, which is a +3.4% increase over 2015. The digital push translates into the launch of Local Digital Kit, Oferplan Store and the premium models Diario Vasco and Diario Montañés on+.

- **Income from sales of copies -5.8% with an improvement in ABC's share**
  - (i) In the Madrid region ABC increased its ordinary circulation by +0.8% to 26.5%[4].

- **Limited exposure to the Ibex 35 (5.2% of total income) and the public sector (6.6%)**
- **Improvement in comparable EBITDA by +4.1% to €52,238 thousand**
  - i. Execution of the Efficiency Plan: reduction of comparable personnel costs in 2016 by -4.3%[5].
  - ii. Industrial Plan: improvement in the margin from copies despite the decline in circulation and sales of copies 2016 vs 2015 by +€104 thousand.
  - iii. EBITDA growth at ABC in 2016 +€1,899 thousand to €7,757 thousand.

- **Losses totaling €60,011 thousand, including extraordinary effects. Excluding those effects, the net comparable figure would be a profit of €3,225 thousand.**
  - (i) Capital gain on the sale of the ABC building after taxes totaling €16,267 thousand .
  - (ii) Negative impact of changes in corporate income tax totaling €79,502[6] thousand after non-controlling interests, accounting adjustment, not cash.

- **Reduction of Net financial debt through the generation of ordinary operating cash totaling €21,421 thousand at the end of 2016**

  Inflow of cash due to the sale of the ABC building in December for €35,000 thousand.
  - i. Net financial debt/EBITDA 2016 comparable 1.3x. The NFD declined to €66,412 thousand.
  - ii. Generation of positive ordinary cash flow of €21,421 thousand.

iv. Risks and uncertainties

The Group's financial risk management is centralized in its Financial Department, which has established the mechanisms required to control exposure to credit and liquidity risk. The main financial risks affecting the Group are as follows:

Strategic and operating risks

[3] Source: i2p.
[4] Source OJD. Ordinary paid circulation (including kiosk sales and individual subscriptions).
[5] Excludes personnel adjustment measures and "one offs" 2016 -€10,115 thousand and 2015 - €2,556 thousand.
[6] Result after adding the effect of the tax reform totaling -€81,545 thousand, other extraordinary tax items -€1,063 thousand and the impact of non-controlling interests totaling €3,106 thousand.

As is the case with any operator in a market, there is generally the possibility of losses affecting values or profits due to changes in the business environment, the situation of the competition or the market, changes in competition or strategic uncertainty, or the existence of collection delays. Specifically, sales and advertising are affected based on the macro-economic situation when consumption declines and it is more difficult to retain the talent that is necessary to carry out the required internal transformations. Credit risk arises from trade receivables, including outstanding receivables and transaction commitments. The Group evaluates the credit quality of customers, bearing in mind their financial position, past experience and other factors. Individual credit limits are established based on internal ratings in accordance with the limits established by Management. The use of credit limits is regularly monitored.

Management monitors liquidity reserve projections for the Group (which includes credit availability and cash and cash equivalents) based on expected cash flows.

Market Risk

The specific items are exposed to interest rate risk whose upward or downward effects may have an impact on financial income/expense and cash flows. This risk is not considered to significantly affect the Group. The syndicated financing is covered by an interest-rate hedge that significantly mitigates possible increases in interest rates.

Other

Compliance risks, particularly tax items, are related to possible differing interpretations of the regulations on the part of the competent tax authorities as well as the generation of taxable income that allow capitalized tax-loss carry forwards to be recovered, and the impact of any new regulations. Publishing gives rise to a risk of litigation which, based on materiality and allocations, is described in the notes to the annual accounts if appropriate.

In addition to the risk of system attacks, there is a risk concerning technological changes that require the media in general to make investments in this area.

Also see the disclosures regarding risks included in Note 6 of the notes to the annual accounts.

V. EVOLUTION OF THE AVERAGE PAYMENT PERIOD

The ratio of payments made to suppliers in 2016, the average payment period for suppliers and the ratio of transactions pending payment to suppliers at 31 December 2016 is as follows (thousand euro), in compliance with the information required by Additional Provision Three "Disclosures" of Law 15/2010 (5 July) and the resolution dated 2 February 2016 issued by the Audit and Accounting Institute in response to Final Provision Two of Law 31/2014:

	2016	2015
	days	**days**
Average payment period for suppliers	61.18	63.41
Ratio of payments made	63.14	66.91
Ratio of pending payments	49.27	45.11
	Amount (Thousand euro)	**Amount (Thousand euro)**
Total payments made	269,795	294,355
Total pending payments	44,420	46,194

This balance relates to the suppliers that because of their nature are trade creditors for the supply of goods and services included in the balance sheet heading “Trade and Other Payables”.

VI. SHAREHOLDER REMUNERATION

The Parent Company did not distribute any dividend whatsoever in 2016 and 2015 and at the end of both years there was no amount pending payment in this respect.

VII. TREASURY SHARES

The Parent Company maintains 3,876,665 shares equivalent to 3.1% of its share capital and there is no restriction on their transfer.

Movements in treasury shares in 2016 and 2015 are as follows:

	No. of shares	Cost (Thousand euro)
Shares at 31/12/14	**3,867,298**	**29,874**
Purchase	883,678	1,632
Sale (*)	(874,311)	(6,215)
Shares at 31/12/15	**3,876,665**	**25,291**
Purchase	990,982	1,223
Sale (*)	(1,006,144)	(5,930)
Shares at 31/12/16	**3,861,503**	**20,583**

(*) Sales recognized at the average weighted cost.

The capital loss resulting from the sale of treasury shares in 2016 was charged against reserves in the amount of €4,688 thousand (€4,602 thousand at 31 December 2015).

In accordance with the provisions of the Spanish Companies Act 2010, the Parent Company maintains a restricted reserve in the amount of the cost of the treasury shares held in its portfolio. This reserve will become unrestricted when the circumstances dictating its establishment cease to exist.

The average number of treasury shares in the portfolio in 2015 was 3,880,190 shares (3,868,783 at 31 December 2015). (See Note 33).

VIII. EVOLUTION OF THE COMPANY'S SHARES

VOCENTO's shares ended 2016 at a price of €1.24 per share, which gives rise to a market capitalization of €154.9 million at 30 December 2016. The average daily trading volume during the year was 55,101 shares. VOCENTO's shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges.

IX. EXECUTIVE PLANS

Provisions for long-term incentive plans-

In 2013 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2015, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group did not recognize any payment obligation in this respect in the consolidated balance sheet at 31 December 2015.

In 2014 the Parent Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain executives at the Parent Company and the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted operating profit for 2016, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the operating profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the fact that its targets were not met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

In 2015 the Parent Company's Board of Directors approved a long-term incentive plan for the CEO and certain executives at the Parent Company and the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. This compensation is associated with compliance with the budgeted net profit for 2017, although this amount would be adjusted upward or downward by a factor that depends on the degree to which the net profit target is met, up to a limit of €1.3 million.

In accordance with the evaluation of that plan and the estimation that its targets will not be met, the Group does not recognize any provision in this respect in the consolidated balance sheet at 31 December 2016 and 2015.

Finally, in 2016 the Parent Company's Board of Directors adopted a resolution to implement a new long-term incentive plan for the CEO and certain executives at the Parent Company and in the Group.

The plan consisted of establishing a single variable remuneration cash payment equivalent to between 20% and 50% of the annual fixed salary of each executive covered by the plan. 40% of this compensation is associated with compliance with the accumulated net profit amount based on the figure approved in the current three-year plan, 40% to the generation of accumulated cash and 20% to the digital transformation, including the income and EBITDA of the e-commerce businesses, on-line advertising and on-line users.

To collect the financial indicators (net profit and cash generation) compliance with the covenants of the syndicated loan is essential and dividends must also be distributed in 2017 (as approved by shareholders at a general meeting during the first half of 2018) and in 2018 (as approved by shareholders at a general meeting during the first half of 2019). This distribution must be of any amount, they must be dividends charged against profits obtained during the preceding year (not against reserves) and it is not sufficient that there be distributable profits, but rather there must be an effective approval of the distribution of profits by shareholders at a general meeting.

In accordance with the valuation in that plan, 2016 profits and the uncertainty relating to the possibility of attaining the rest of the objectives, the Group does not maintain any provision in this respect in the consolidated balance sheet at 31 December 2016.

X. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2016 the Group did not make any significant investments in research and development activities.

XI. USE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge against the risks to which its activities, transactions and future cash flows are exposed, mainly changes in interest rates. The details of the balances that reflect the measurement of derivatives in the consolidated balance sheets at 31 December 2016 and 2015 are as follows (Note 20):

	Thousand euro			
	31/12/2016		31/12/2015	
	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
INTEREST RATE HEDGES				
Cash flow hedges:				
Interest rate swap:	1,104	1,164	867	2,022
Scaled collar	35	14	52	43
	1,139	**1,178**	**919**	**2,065**

The interest rate hedge derivatives contracted by the Group are intended to mitigate the effect of interest rate fluctuations on future cash flows from variable rate loans. A breakdown of these hedge transactions, and their maturity dates, is as follows:

:

Company	Instrument	Average contracted interest rate		Nominal amount (thousand euro)		Valid until	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
BBVA	Interest rate swap:	1.817%	1.59%	19,546	24,145	2019	2019
Banco Santander	Interest rate swap:	1.817%	1.59%	16,109	19,899	2019	2019
Kutxabank	Interest rate swap:	1.817%	1.59%	7,400	9,142	2019	2019
Bankia	Interest rate swap:	1.817%	1.59%	9,528	11,770	2019	2019
Caixa	Interest rate swap:	1.817%	1.59%	1,601	1,977	2019	2019
Banco Popular	Interest rate swap:	1.817%	1.59%	3,117	3,851	2019	2019
Bankinter	Scaled collar			836	1,207	2019	2019
	Total			**58,137**	**71,991**		

The effect of changes in the hedge derivatives during 2016 was recognized by crediting the headings "Reserves-Restatement reserve for unrealized assets and liabilities" for the net amount of €493 thousand (€34 thousand at 31 December 2016).

Among these derivatives the Group uses the scaled collar financial instrument to establish the variable interest payments for a finance lease within an increasing range, from a minimum of 3.95% to a maximum of 5%. The initial cost of that financial instrument was zero and the notional amount of the options sold was completely offset by the notional amount of the options acquired, and therefore it is a net option purchase. The effectiveness of the scaled collar hedge has been measured by offsetting the changes in the collar flows against the changes in the hedged risk flows using the hypothetical derivative method, and complying with the conditions that are necessary for it to be considered a hedge instrument.

The interest rate swap derivatives in force at 31 December 2016 relate to the hedges contracted by the Group by virtue of the terms of the syndicated financing agreement (Note 20).

The Group has complied with the requirements described in Note 4.h on Accounting Policies, so as to classify the financial instruments listed below as hedges. Specifically, they have been formally designated as such and their effective hedging has been verified. No ineffectiveness has been detected with respect to the hedges designated by the Group.

These derivative financial instruments have been measured in accordance with the provisions of IFRS 13 - "Fair value".

The sensitivity of the interest rate hedge transactions' market value to changes in interest rates that the Group considers reasonably possible, as well as their impact on profit for the period and equity at 31 December 2016 and 2015 is set out in the following table:

	Thousand euro			
	Change in interest rates			
	2016		2015	
Variation	+ 0.25%	- 0.25%	+ 0.25%	- 0.25%
Fair value	237	(238)	394	(399)
Profit/(loss)	-	-	-	-
Equity	237	(238)	394	(399)

The analysis of the liquidity of the derivative instruments, which relates to cash outflows taking into account undiscounted net flows, is as follows (thousand euro):

2016

Company	Instrument	2017	2018	2019
BBVA	Interest rate swap:	381	356	41
Banco Santander	Interest rate swap:	308	293	34
Kutxabank	Interest rate swap:	142	135	17
Bankia	Interest rate swap:	182	173	20
Caixa	Interest rate swap:	31	29	2
Banco Popular	Interest rate swap:	60	57	7
Bankinter	Scaled collar	35	13	1
	Total	**1,139**	**1,056**	**122**

2015

Company	Instrument	2016	2017	2018	2019 and afterwards
BBVA	Interest rate swap:	312	340	299	31
Banco Santander	Interest rate swap:	257	278	246	26
Kutxabank	Interest rate swap:	118	129	113	12
Bankia	Interest rate swap:	152	166	146	15
Caixa	Interest rate swap:	26	28	24	3
Banco Popular	Interest rate swap:	50	54	48	5
Bankinter	Scaled collar	37	36	12	-
	Total	**952**	**1,031**	**888**	**92**

XII. TRANSACTIONS WITH RELATED PARTIES

Set out below is the breakdown of equity-consolidated companies in the accounts "Receivables from related companies" and "Payables to related companies" in the headings "Trade and other receivables" and "Trade and other payables" in the accompanying consolidated balance sheet at 31 December 2016, together with the transactions (in addition to the dividends received - Note 11) those companies carried out in 2016 by Vocento, S.A. and fully consolidated subsidiaries.

	Thousand euro						
	Balances			Transactions			
				Revenues		Expense	
	Non-current receivables	Receivable (Note 15)	Payable (Note 19)	Operating	Financial	Operating	Financial
Cipress,S.L	-	558	167	5,695	-	775	-
Distribuidores Papiro, S.L.	-	691	132	6,670	-	1,193	-
Distrimedios, S.L.	-	1,237	466	11,318	-	4,745	-
Val Disme, S.L.	-	1,066	275	11,671	-	2,675	-
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.	270	279	-	305	-	1	-
TOTALS	**270**	**3,831**	**1,040**	**35,659**	**-**	**9,389**	**-**

Set out below is the breakdown of equity-consolidated companies in the accounts "Receivables from related companies" and "Payables to related companies" in the headings "Trade and other receivables" and "Trade and other payables" in the accompanying consolidated balance sheet at 31 December 2015, together with the transactions (in addition to the dividends received - Note 11) those companies carried out in 2015 by Vocento, S.A. and fully consolidated subsidiaries.

	Thousand euro						
	Balances			Transactions			
				Revenues		Expense	
	Non-current receivables	Receivable (Note 15)	Payable (Note 19)	Operating	Financial	Operating	Financial
Cipress,S.L	-	258	158	6,020	-	778	-
Distribuidores Papiro, S.L.	-	702	130	7,052	-	1,352	-
Distrimedios, S.L.	-	911	460	12,487	-	5,042	-
Val Disme, S.L.	-	1,197	273	12,954	-	2,769	-
11870 Información en General, S.L.	-	31	21	-	-	-	-
Kioskoymas, sociedad gestora de la plataforma tercnológica, S.L.	270	166	-	504	-	7	-
Roi Media, S.L.	-	-	-	-	2	-	-

TOTALS	**270**	**3,265**	**1,042**	**39,017**	**2**	**9,948**	**-**

The most relevant balances and transactions with equity-consolidated companies derive from the sale and distribution of copies of newspapers and supplements that are carried out on an arm's length basis. Since those balances are of a commercial nature they do not accrue any interest and will generally be settled in the short-term. Group companies had not granted any lines of credit or loans to related companies at 31 December 2016 and 2015.

The Group maintains business relationships during the ordinary course of its business with companies at which the independent directors hold directorship and/or senior management positions, Elecnor, S.A. (at which Mr. Fernando Azaola Arteche is a Director and/or senior executive) and Viesgo Energía, S.L. (at which Mr. Miguel Antoñanzas Alvear is a Director and/or senior executive). These business relationships are carried out on an arm's length basis and their volume is not significant compared to total consolidated income and expense.

Fernado de Yarza López-Madrazo is, in turn, Chairman of Henneo Group and the company Taller de Editores, S.A. Vocento and Henneo Group hold direct interests in the latter. He is also a director of the companies Distribuidora de Aragón, S.L. (DASA) and Distrisoria Publicaciones y Distribución Soria, S.L., in both of which Vocento and Henneo Group hold direct and indirect interests. Those companies maintain business relationships with Vocento and its subsidiaries, including the distribution of periodicals, the marketing of advertising and the preparation of weekend supplements, among other things.

XIII. EVENTS AFTER THE REPORTING PERIOD

In January 2017 the Group announced and started to apply a restructuring plan to transform its business.

XIV. FORESEEABLE DEVELOPMENT

Lines of action for VOCENTO in 2017 derive from the following commitments:

i. Increase in the weight of digital income as a percentage of total advertising income.
ii. Improvement in the comparable EBITDA, among other things, through the optimization of the business structure in the new Efficiency Plans (c. €12m).
iii. Generation of positive ordinary cash flow

To do this action is being taken on several fronts:

i. Diversification of businesses including new lines of business that all income to be diversified and to provide more stability to VOCENTO's income statement.
ii. Cost reduction.
iii. For example, efficiency in cash flows, continuous control over capex and monitoring of CAPEX.

XV. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report consists of 52 pages. It is attached to the Consolidated Directors' Report in accordance with the provisions of Article 538 of the Spanish Companies Act 2010. The Annual Corporate Governance Report is also available at the CNMV website, www.cnmv.es.

XVI. ANNUAL ACTIVITY REPORT

The Annual Activity Report prepared by the Audit and Compliance Committee consists of 17 pages and is attached to the Consolidated Directors' Report in accordance with the provisions of Article 18.8 of the Board of Directors Regulations.

Pintor Losada, 7. 48004 Bilbao (Bizkaia).

ANNUAL CORPORATE GOVERNANCE REPORT

VOCENTO, S.A.

2016

Approved by the Board of Directors on 28 February 2017

ANNUAL CORPORATE GOVERNANCE REPORT

VOCENTO, S.A.

END OF REFERENCE YEAR: 31/12/2016

A.- STRUCTURE OF SHARE OWNERSHIP

A.1 Complete the following table for the company's share capital

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
31/12/2001	24,994,061,20	124,970,306	124,970,306

Indicate if there are different classes of shares with different rights associated to them:

No

A.2 Detail the direct and indirect owners of significant stakes at the end of the year, excluding directors:

Name or Company name of shareholder	Number of direct voting rights	Indirect voting rights		% of total voting rights
		Direct owner of stake	Number of voting rights	
Enrique Ybarra Ybarra	500	Energay de Inversiones, S.L.	8,167,106	6.54
Carmen Ybarra Careaga	0	Onchena, S.L.	6,836,456	5.47
Casgo	4,993,201			3.966
Santander Asset Management, S.A., SGIIC	0	Santander Small Caps Europa, FI, and Santander Small Caps España, FI	4,970,325	3.977

Indicate the most significant movements in the shareholder structure in the year:

Not applicable

A.3 Fill in the following tables for members of the Board of Directors of the company with voting rights in company shares:

Name or Company name of director	Number of direct voting rights	Indirect voting rights	% of total voting rights

		Direct owner of stake	Number of voting rights	
ENERGAY DE INVERSIONES, S.L.	8,167,106		0	6.54
DON GONZALO SOTO AGUIRRE	100	Concerted Action	7,988,912	6.39
DON LUIS ENRIQUEZ NISTAL	71,955		0	0.06
DON SANTIAGO BERGARECHE BUSQUET	700	Shareholder pact	5,986,133	4.79
DON FERNANDO AZAOLA ARTECHE	5000	María Lourdes Zubiaga Carlos	1,701	0.01
MEZOUNA, S.L.	13,843,275		0	11.08
DON MIGUEL ANTOÑANZAS ALVEAR	10,89	Mónica Basa Ybarra	89	0.01
ONCHENA, S.L.	6,836,456		0	5.47
VALJARAFE, S.L.	12,609,314		0	10.09
Fernando de Yarza López-Madrazo	50			0

% total voting rights held by the Board of Directors	44.44

Fill in the following tables for members of the Board of Directors of the company with rights on company shares:

Name or Company name of director	Number of direct voting rights	Number of indirect voting rights	Number of equivalent shares	%% of total voting rights
DON LUIS ENRIQUEZ NISTAL	336,178	0	336,178	0.27%

A.4. State any relationships of a family, commercial, contractual or company nature between major shareholders, to the extent that the company is aware of this, unless of little relevance or derived from ordinary business:

Not applicable

A.5. State any relationships of a family, commercial, contractual or company nature between major shareholders, and the company and/or group, unless of little relevance or derived from ordinary business:

Not applicable

A.6. State if the company has been informed of the shareholder agreements which affect it,

in accordance with Articles 530 and 531 of the Law on Corporations. Describe briefly the shareholders bound by the pact, if applicable

Yes

Participants in the shareholder agreement	% of share capital involved	Brief description of the agreement:
(i) DOÑA DOLORES AGUIRRE YBARRA Y OTROS; (ii) DOÑA PILAR AGUIRRE ALONSO-ALLENDE; (iii) DON EDUARDO AGUIRRE ALONSO-ALLENDE; (iv) DON GONZALO AGUIRRE ALONSO-ALLENDE; (v) DOÑA MARÍA ISABEL LIPPERHEIDE; (vi) DON GONZALO SOTO AGUIRRE (vii) BELIPPER, S.L.; (viii) ALBORGA UNO, S.L.; (ix) ALBORGA DOS, S.L.; (x) MIRVA, S.L.; (xi) GOAGA 1, S.L.; (xii) AMANDRERENA 1, S.L.; and (xiii) LIBASOLO, S.L.	6.39%	Published as a relevant fact on 23 April 2014, registration number 203864. Shareholders connected to the Aguirre family owning 7,989,012 shares (6.393%) reached a one-year agreement extendable automatically for one year, to appoint directors, recognising Gonzalo Soto Aguirre as the Director nominated by the participants to exercise their combined voting rights in the Shareholder Meeting. On 26 May 2014 Libasolo, S.L. assumed the place of Magdalena Aguirre Azaola and Carmen Aguirre Azaola. On 3 December 2014, Pilar Aguirre Alonso-Allende sold 8,670 shares in Vocento and the share capital covered decreased to 7,980,342 shares (6.386%).

(i) MECAMUR, S.L., (ii) BORATEPA, S.L., and (iii) EDULA, S.L.	4.79%	Published as a relevant fact on 17 February 2014, with registration number 200550. On 17 February 2014, the shareholders of Vocento, S.A., Boratepa, S.L., and Edula, S.L., holders of 1,995,078 and 1,995,077 shares in Vocento respectively, representing 3.193% of share capital and linked to José María Bergareche Busquet and Jorge Bergareche Busquet, brothers of directors Santiago Bergareche Busquet, stated their irrevocable commitment to vote in the same way as Mecamur, S.L., a company linked to Santiago Bergareche Busquet and the holder of 1,995,078 shares representing 1.597% of share capital, or alternatively to delegate the exercise of their vote and other political rights of their shares or any other Vocento shares that may be acquired in the future to Mecamur, S.L., at all of the Shareholder Meetings of Vocento that are held during the period of this commitment.

State any modification or breaking of these pacts, agreements, or joint actions in the year:

Not applicable

No aplicable

A.7. State if there is any individual or legal entity who exercises or could exercise control of the company, in accordance with article 5 of the Securities Market Law, and indicate them.

No

A.8. Complete the following tables about the company's treasury stock:

At the end of the year:

Number of direct shares	Number of indirect shares (*)	% of total share capital
3,861,503	0	3.09%

Detail any major variations in the year, in accordance with Royal Decree 1362/2007

There were no major variations

A.9. Detail the conditions and the duration of the mandate in force from the General Shareholder Assembly to the Board to acquire or transfer treasury stock

The Annual General Meeting of shareholders held on 28 April 2015 adopted the following agreement:

In accordance with the terms of Articles 146 and following and 509 of the Law on Corporations, and Article 7 of the Rules for the Internal Conduct of the Company, leaving without effect the authorisation awarded in the same area by the shareholder meeting of 14 April 2010, authorise and award powers to the Board of Directors for the company to acquire shares in the company itself under the following conditions:

1.- Means of acquisition: by trade or any other inter vivos transaction of those shares in the company that the Board of Directors considers appropriate, in the limits established in the following sections.

The shares to be acquired must be fully paid in, unless the shares are to be freely acquired, free of charges and of the obligation to make accessory payments.

2.- Maximum number of shares to acquire: a number of shares whose nominal value, in addition to those the acquiring company and its subsidiaries already possess, is not more than 10% of the total paid in share capital.

3.- Minimum and maximum acquisition price: the acquisition price will not be less than the nominal share price, or 20% more than the market price, on the working stock market day, the day before the acquisition.

4.- Duration of the authorisation: five years, from the adoption of this agreement.

The acquisition, including all the shares that the company has acquired before and holds in its portfolio, must in all events allow the company to establish the reserve stated in article 148 point c of the Law on Corporations, without leading to shareholder equity, as defined in article 146 section 1 point b of the Law on Corporations, being less than the sum of share capital plus the reserves that are not available in law or in the bylaws.

It is expressly authorised that the shares acquired by the company in the use of this authorisation may be used, partly or in full, to be sold or amortized and also to be delivered or sold to the workers, employees, directors or service providers of the company, when there is a recognised right, either directly or as a result of the exercise of options belonging to them, in accordance with the last paragraph of Article 146, section 1 point a, of the Law on Corporations."

A.9 bis estimated free float:

	%
Estimated free float	37.98%

A.10. State any legal and statutory restrictions on the transfer of shares and/or the exercise of voting rights. In particular, state any restrictions that could obstruct the acquisition of control of the company by the acquisition of its shares in the market.

No

A.11. Indicate if the Shareholder Meeting has agreed to adopt measures for neutralisation of a public takeover bid as described in Law 6/2007.

No

If applicable, describe the measures approved and the terms in which the restrictions will become ineffective.

Not applicable

A.12 Indicate if the company has issued securities that are not traded in a regulated Community market.

No

If applicable, indicate the different classes of shares and for each class, the rights and obligations they grant.

Not applicable

B.- SHAREHOLDER MEETING

B.1. Indicate and detail any differences from the minimum quorum regime of the Law on Corporations (LSC) in terms of the quorum for a Shareholder Meeting:

No

B.2. Indicate and detail any differences with the minimum quorum regime of the Law on Corporations (LSC) for the adoption of shareholder agreements:

No

Describe any differences from the LSC.

Not applicable

B.3. Indicate the norms applicable to the modification of company bylaws. In particular, indicate the majorities needed for the modification of the bylaws and any rules for protecting shareholder rights when bylaws are modified.

In accordance with Article 12 of Vocento's company bylaws and the Rules for the General Shareholder Meeting, for a valid agreement to modify the bylaws at an ordinary or extraordinary shareholder meeting, it will be necessary for shareholders present or represented at the meeting to own at least fifty per cent of paid in capital with voting rights, at the first call. At the second call, the level will be twenty-five per cent. When shareholders representing less than fifty per cent of paid in capital with voting rights meet, the agreements covered by this paragraph can only be adopted with the favourable vote of two thirds of the capital present or represented at the meeting.

B.4. Provide attendance data for the general shareholder meetings held in the year covered by this current report and previous years.

	Attendance data (*)				
Date of shareholder meeting	% physically present	% proxy	% distance vote: Electronic vote	% distance vote: Others	Total %
26 April 2016 (Ordinary AGM 2016)	18.51	49.35	-	-	67.86
28 April 2015 (JG Ordinary AGM 2015)	18.89	56.84	-	-	75.73

B.5. Indicate if there are any restrictions in the bylaws on the number of shares needed to attend the shareholder meeting:

Yes

Number of shares needed to attend the shareholder meeting	FIFTY (50)

B.7. State the web site address for information on corporate governance and other information about general shareholder meetings that must be made available to shareholders on the Company's web site.

The web page http://www.vocento.com/accionistas_e_inversores.php provides access to the following sections for Vocento shareholders and investors:

- Start: ticker, latest information published, and other relevant facts
- The company: Profile of the Company and Management Team.
- Shares: share price, share capital, treasury stock, significant holdings, shareholder remuneration policy, analysts, shareholder's space.
- Financial Information: annual reports, regular information, IPO prospectus, average payment period to suppliers
- Relevant Facts
- Corporate Governance: company bylaws, committees and commissions, rules, Code of Ethics, annual reports on corporate governance, annual reports on director remuneration, and shareholder agreements.
- Shareholder Meeting: shareholder forum, calls for the Shareholder Meeting, proposed agreements, documentation, right to information, right to attend, voting rights, adoption of agreements, location.
- Corporate presentations
- Investor calendar
- Contact us

The General Shareholder Meeting of Vocento held on 26 June 2012, in accordance with Article 11 bis of the revised text of the Law on Corporations, approved its corporate website at www.vocento.com.

C.- ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1. Board of Directors

C.1.1 Detail the maximum and minimum number of directors established in the bylaws:

Maximum number of directors	18
Minimum number of directors	3

C.1.2 Complete the following table with members of the Board:

Name or Company name of director	Representative	Type of Director	Position on board	Date of 1st appointment	Date of last appointment	Electoral procedure
Santiago Bergareche Busquet	--	Nominee	Chairman	12/11/2013	12/11/2013	Co-opted
Gonzalo Soto Aguirre	--	Nominee	Deputy Chairman	26/04/2012	26/04/2012	Shareholder Meeting
Luis Enríquez Nistal	--	Executive	Chief Executive Officer	18/07/2011	26/04/2012	Shareholder Meeting
Fernando Azaola Arteche	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Mezouna, S.L.	Ignacio Ybarra Aznar	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Miguel Antoñanzas Alvear	--	Independent	Director	26/04/2012	26/04/2012	Shareholder Meeting
Onchena, S.L.	Álvaro Ybarra Zubiría	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Energay de Inversiones, S.L.	Enrique de Ybarra Ybarra	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Valjarafe, S.L.	Soledad Luca de Tena García-Conde	Nominee	Director	26/04/2012	26/04/2012	Shareholder Meeting
Carlos Delclaux Zulueta		Independent	Director	23/02/2016	26/04/2016	Co-opted
Gonzalo Urquijo y Fernández de Araoz		Independent	Director	23/02/2016	26/04/2016	Co-opted
Fernando de Yarza López-Madrazo		Independent	Director	23/02/2016	26/04/2016	Co-opted

Total number of directors	12

State any terminations which have occurred at the Board of Directors in the period.

Name or Company name	Type of director	Date of termination
Casgo	Nominee	18 January 2016

C.1.3 Complete the following tables about the categories of members of the Board:

EXECUTIVE DIRECTORS

Name or Company name	Role at company
Luis Enríquez Nistal	CEO

Total number of executive directors	1
% of total Board	8.33%

EXTERNAL NOMINEE DIRECTORS

Name or Company name of director	Name or Company name of significant shareholder represented or who proposed appointment
Santiago Bergareche Busquet	Santiago Bergareche Busquet
Energay de Inversiones, S.L.	Enrique de Ybarra Ybarra
Gonzalo Soto Aguirre	Dolores Aguirre Ybarra and others
Mezouna, S.L.	Mezouna, S.L.
Onchena, S.L.	Doña María del Carmen Careaga Salazar
Valjarafe, S.L.	Valjarafe, S.L.

Total number of nominee directors	6
% of total Board	50

EXTERNAL INDEPENDENT DIRECTORS

Name or Company name of director	Profile
Fernando Azaola Arteche	Business
Miguel Antoñanzas Alvear	Business
Carlos Delclaux Zulueta	Business
Gonzalo Urquijo y Fernández de Araoz	Business
Fernando de Yarza López-Madrazo	Business

Total number of independent directors	5
% of total Board	41.67

State if any director with the status of independent receives from the company or its group any amount or benefit other than a director's remuneration, or maintains or has maintained in the last year any business relationship with the company or any group company, in his own name,

or as a significant shareholder, director or manager of any entity which has or has had such a relationship.

The group has ordinary business relationships with entities in which independent directors hold director and/or management positions, Elecnor, S.A. (where Don Fernando Azaola Arteche is a director and/or manager) and Viesgo Energía, S.L. (where Don Miguel Antoñanzas Alvear is a director and/or manager)

Fernando de Yarza López-Madrazo is Chairman of Grupo Henneo and of Taller de Editores, S.A., in which Vocento and Grupo Henneo hold stakes. He is also a director at Distribuidora de Aragón, S.L. (DASA), Distrisoria Publicaciones y Distribución Soria, S.L. in which Vocento and Grupo Henneo hold direct or indirect stakes. These companies have business relations with Vocento and its subsidiaries, including the distribution of publications, advertising sales, and the preparation of weekend supplements.

If applicable, include a statement from the board for the reasons why they believe this director can carry out his functions as an independent director.

Name or Company name	Description of relationship	Declaration
Fernando Azaola Arteche	Supply of products and services from Elecnor, S.A or subsidiaries	These business relations (i) use contracts with standardized conditions, (ii) with generally established prices and tariffs, and (iii) are not of a significant amount. The Board believes, following a report from the Appointments and Remuneration Committee, that the business relations with Fernando de Yarza López-Madrado do not prevent him for carrying out his functions as an independent director.
Miguel Antoñanzas Alvear	Supply of electricity from Viesgo Energía, S.L. or subsidiaries	
Fernando de Yarza López-Madrazo	La distribución de publicaciones periódicas, la comercialización de publicidad y la elaboración de	

OTHER EXTERNAL DIRECTORS

Identify any other external directors and include the reasons why they are not considered to be nominee or independent, plus any links to the company, directors or shareholders:

None

Indicate any variations that may have occurred in the year in the status of each director.

Not applicable

C.1.4 Complete the following table with information about the number of female directors in the last 4 years, and the status of these directors:

This includes only Doña Soledad Luca de Tena García-Conde, the representative of Valjarafe, S.L., a nominee director since 2012.

Number of female directors	% of total directors of each type

	2016	2015	2014	2013	2016	2015	2014	2013
Executive	0	0	0	0	0	0	0	0
Nominee	1	1	1	1	16,67%	14,29%	12,25%	12,25%
Independent	0	0	0	0	0	0	0	0
Other external	0	0	0	0	0	0	0	0
Total:	1	1	1	1	8,33%	10%	8,33%	8,33%

C.1.5 Explain any measures taken to try to include on the board a number of women which allows for a balanced presence of men and women.

Explain the measures
On 16 February 2015 the Appointments and Remuneration Committee unanimously approved a plan with targets for the representation of women on the Board, with the aim of achieving a balance between men and women on the Board.

C.1.6 Explain any measures adopted by the appointments committee so that selection procedures do not suffer from the implicit biases that may prevent the selection of female directors, so that the company deliberately looks for women with the right professional profile and includes them in its potential candidates:

Explanation

The measures approved in the plan for targets of female representation in the Board implemented by the Appointments and Remuneration Committee include:

- When an Independent Director or an Executive Director is needed to fill a vacancy or to increase their number:
  - the selection procedure will not suffer from the implicit bias that is an obstacle to selecting women;
  - there will be a deliberate search for women with the right professional profile as potential candidates; and
  - when it comes to recommending to the Board the appointment of a Director, the need for a balance between men and women will be taken into consideration.
- When a Nominee Director is to be appointed, to replace a current director or because a new shareholder requests, the shareholder will be requested to bear in consideration the need for a balanced number of men and women.

When despite any measures adopted, the number of female directors is low, explain the reasons for this:

Explanation

Vocento has responded to the requests of significant shareholders to appoint nominee directors, all of whom have been ratified by the General Shareholder Meeting. For the appointment of independent women directors processes were put in place to identify female candidates, but in the end the best candidates were men.

C.1.6 bis Explain the conclusions of the appointments committee about the verification of compliance with the selection policy for directors. In particular, about how this policy is promoting the target that in 2020 the number of female directors will represent at least 30% of the total members of the Board.

There have been no nominations enabling the Committee to verify compliance with its policy for selecting directors. For the appointment of female directors, processes were established to identify female candidates, but the best candidates were men. Nevertheless, the Appointments and Remuneration Committee reiterates its commitment to complying with the targets of the female representation plan it has drawn up and will continue to include women in its proposals for appointments as directors.

C.1.7 Explain the representation on the board of shareholders with significant stakes

All shareholders with a stable shareholding considered by the Board of Directors as Vocento as significant, and who have requested a position, are represented on the Board of Directors.

C.1.8 Explain if applicable the reasons why nominee directors have been appointed by shareholders with a stake of under 3% of share capital.

Not applicable

Indicate if any formal requests for a position on the Board from shareholders with an equal or higher stake than others with nominee directors have been granted. If not, explain why

No

C.1.9 Indicate if any director has abandoned his role before the expiry of the mandate, if the director has explained their reasons and in what medium to the Board, and if this has been in writing to the entire Board, explain the motives given:

Name of Director	Reason for termination
Casgo, S.A.	Casgo, S.A. resigned as director on 18 January 2016 for personal reasons

C.1.10 State, if applicable the powers delegated to the executive director(s):

Name or Company name of director	Brief description
Luis Enríquez Nistal	As chief executive officer, he can exercise all powers except for those which legally or statutorily cannot be delegated in accordance with Article 19 of the company bylaws and Article 14 of the Rules for the Board of Directors, with the limitation of the second paragraph of the last article of these rules, which says that any operation of over 3 million euros must be informed to the executive committee by the chief executive officer prior to being carried out.

C.1.11 identify if applicable the members of the Board who have a director's or management role in other companies that form part of the group of the listed company:

Name or Company name of director	Company name of group entity	Position	Executive functions?
Luis Enríquez Nistal	Comeresa Pais Vasco, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Comeresa Prensa, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Corporación de Nuevos Medios Digitales, S.L.	Joint administrator	Yes
Luis Enríquez Nistal	Diario ABC, S.L.	Director	No
Luis Enríquez Nistal	Diario El Correo, S.A.	Director	No
Luis Enríquez Nistal	Federico Domenech, S.A.	Director	No
Luis Enríquez Nistal	Radio Publi, S.L.	Chairman and CEO	Yes
Luis Enríquez Nistal	Sociedad Gestora de Televisión Net TV, S.A.	Chairman	No

C.1.12 : Detail if applicable the directors of the company who are members of the Board of Directors of other companies, distinct from the group, that are listed on Spanish stock markets and of which the company has been notified:

Name or Company name of director	Company name of listed entity	Position
Fernando Azaola Arteche	Elecnor. S.A.	Chairman

Santiago Bergareche Busquet	Ferrovial, S.A.	Deputy Chairman
Santiago Bergareche Busquet	Nmas1 Dinamia, S.A.	Deputy Chairman
Carlos Delclaux Zulueta	Vidrala, S.A.	Chairman

C.1.13 State and explain if the company has established rules on the number of boards which its directors may be part of:

YES

Explanation of the rules
In accordance with Article 29.3 of the Rules of the Board, the directors may not, except for express authorisation of the board, after a report from the appointments and remuneration committee, form part of more than 8 (eight) boards, excluding (i) companies which are part of the same group as the company, (ii) the boards of family companies of directors or their families, and (iii) the boards of which they form part because of professional relations.

C.1.15 State the total remuneration of the Board of Directors:

Remuneration of board of directors (thousand euros)	1,475
Accumulated pension rights of current directors (thousand euros)	0
Accumulated pension rights of former directors (thousand euros)	0

C.1.16 Identify the members of senior management who are not executive directors and indicate the total remuneration paid them in the year:

1,877 thousand euros

Name	Position(s)
Iñaki Arechabaleta Torróntegui	Director General of Business
Ana Delgado Galán	Director General ABC
Rafael Martínez De Vega	Director General of CM Vocento
Joaquín Valencia Von Korff	CFO
Enrique Marzal López	Director of Internal Audit
Íñigo Argaya Amigo	Director General of HR and Organisation

Fernando Gil Lopez	Director General of Operations and Quality
Cristina Martín Conejero	Director General of Digital Strategy and Classifieds
Oscar Campillo	Director of Communication

Total remuneration for senior management (thousand euros)	1,877

C.1.17 State the identity of any members of the board who are also members of the board of directors of companies who are significant shareholders and/or in group entities.

Not applicable

Detail any relevant relationships apart from those in the previous item, between members of the board and significant shareholders and/or group entities:

Not applicable

C.1.18 Indicate if there have been any modification to the rules of the board in the year:

Yes

Description of Modifications
On 14 November 2016, the Board unanimously agreed to modify the Rules for the Board of Directors to clarify that the Chairs of the various committees must issue a report to the Board of Directors about the issues discussed in their meetings, orally during the Board meeting immediately following the meeting of the Committee, as has been the practice for years.

C.1.19 State the procedures for appointment, re-election, evaluation and removal of the directors. Detail the competent bodies, the procedures to be followed, and the criteria used in each procedure.

In accordance with Article 16 of the company bylaws, the designation of the directors corresponds to the AGM, the mandate will last for four years, and they may be re-elected one or more times.

According to Article 24 of the rules of procedure for the board, the directors will leave their position after the expiry of the period for which they were appointed, applying Article 145 of the rules of the mercantile registry, and when the shareholder meeting decides this in the use of the attributions it has been awarded.

Persons appointed as directors will have to meet the conditions demanded by law, by the bylaws or the Rules for the Board.

The regulation of these procedures is found, in addition to the legislation, also in Article 16 of the company bylaws which establish the composition of the board of directors and the duration of the role, and in Articles 10, 11, 22, 23 and 24 and of the procedures of the board of directors, which establish the qualitative and quantitative composition of the board, and the procedures for appointment and re-election, and the duration and dismissal of directors.

C.1.20 Indicate if the annual assessment of the Board of directors has led to major changes in its internal organisation and the procedures applicable in its activity:

The assessment of the Board determined the need to increase the number of independent directors, with three new directors joining the Board in 2016 in this category, leading to major changes in the internal organisation.

C.1.20.bis Describe the process of assessment and the areas assessed that the Board has carried out with the support if applicable of an external consultant, covering the diversity of its membership and competencies, the functioning and membership of its committees, the performance of the Chairman and the chief executive and the performance of each director.

At the beginning of 2016, a process began of assessing the functioning of the Board in 2015, including the diversity of its membership, its competencies, the functioning and membership of the committees, the performance of the Chair and of the chief executive officer and the performance and contribution of each director. The result of this assessment was presented to the Board and reflected in the minutes. The Board, following a report from the Appointments and Remuneration Committee, decided not to hire an external consultant to support it in this process.

In February 2017, the Board began a process of assessing its functioning in 2016, supported by the external consultant Egon Zehnder, covering the following areas: (i) Structure and Membership of Board and Committees: (ii) Functioning of the Board: structure of meetings, information flows, dynamics of meetings, Secretary General of the Board, Internal Relations, work as a team; (iii) Responsibilities – contribution of the Board (general), approval of strategy and targets, monitoring and control of management, development and monitoring of management team; (v) Committees of the Board: Executive Committee, Appointments and Remuneration Committee, Audit and Compliance Committee. Egon Zehnder carried out personal interviews with all Vocento directors, who also filled in a specific questionnaire for each item. The result of the assessment was presented to the Board and set down in the minutes.

C.1.20.ter. State any business relations that the consultancy or any of its group companies maintains with the Company or any group company.

Not applicable

C.1.21 State the circumstances in which directors are obliged to resign.

Article 24 of the Rules for the Procedure of the Board covers the circumstances in which a director must resign.

Mainly, directors must leave their position when the mandate for which they were nominated expires, upon application of Article 145 of the Rules of the Mercantile Registry and when the General Shareholder Meeting so decides in the use of the powers delegated to it.

In addition, a director must inform the board and resign in those cases which could damage the standing and reputation of the company, and in particular:

a) when the reasons for their appointment disappear, when there is a circumstance in which the entity or business group represented by a director no longer have a significant shareholding in the share capital of the company or reduces its holding to a level that requires the reduction of the number of its nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the rules.

b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established.

c) when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.23 Are there greater majorities required for any sort of decision except for those in legislation?

No

If applicable, describe the differences.

Not applicable

C.1.24 Indicate if there are specific requirements, different from those concerning directors, for appointments to the position of Chairman of the Board.

No

C.1.25 Indicate if the Chairman has a casting vote:

Yes

Areas where there is a casting vote
All

C.1.26 State whether the Bylaws or Rules for the Board establish an age limit on directors:

Chairman age limit	CEO age limit	Director age limit
No	No	No

C.1.27 State whether the Bylaws or Rules for the Board establish limits on the mandate for independent directors, which are different to those established in legislation:

No

C.1.28 State whether there are specific rules in the bylaws or Rules for the Board for the delegation of votes in the Board of Directors, describe these procedures and in particular the maximum number of delegations that a director can award, and whether it is obligatory to delegate votes only to directors of the same class. If applicable, briefly detail these rules.

In accordance with Article 17 of the company bylaws the directors may only be represented in the board by another member of the Board. The representation must be awarded in writing to the Chairman of the Board, and must be specific for each meeting.

Article 21.1 of the Rules of the Board establishes that when representation of directors is indispensable, it must be awarded to another member of the board in writing to the Chairman, with instructions and of a specific nature for each meeting.

There are no limitations as to the categories where delegation is possible, beyond the limitations laid down in the law.

C.1.29 State the number of meetings of the Board of Directors in the year. Indicate any times

that the board has met without the presence of the Chairman. Include as attendances any delegations established with specific instructions.

Number of Board meetings	8
Number of Board meetings without the Chairman	0

If the Chairman is also an executive director, indicate the number of meetings held without the presence or representation of any executive director and under the chair of the coordinating director.

Number of meetings	-

State the number of meetings held in the year by the various committees of the Board

Number of meetings of the Executive Committee	5
Number of meetings of the Audit and Compliance Committee	6
Number of meetings of the Appointments and Remuneration Committee	6

C.1.30 State the number of meetings held by the Board of Directors in the year without the full attendance of all members, including as attendances any proxies established with specific instructions.

Number of meetings with all directors present	8
as a % of total votes in the period	100

C.1.31 State if the annual individual and consolidated accounts that are presented for approval of the board are previously certified:

No

Identify, if applicable, the person(s) who have certified the individual and consolidated annual accounts of the company, for their formulation by the board:

Not applicable

C.1.32 Explain any mechanisms established by the Board of Directors to avoid the individual and consolidated accounts drawn up by it from being presented in the General Shareholder Meeting with qualifications in the audit report.

Yes

Article 18 of the Rules for the Board establish the functions of the Audit and Compliance Committee and specify that it is the task of the Committee to assist the Board of Directors in supervising the effectiveness of the company's internal controls and in the preparation and presentation of financial information, so that it complies with all regulations for both the company and the group. Likewise it must inform the board about the financial information that, as a listed company, the company must publish regularly.

C.1.33 Is the Secretary of the Board also a director?

No

If the Secretary is not a director, complete the following table:

Name or company name of director	Representative
Carlos Pazos Campos	-

C.1.35 State, if applicable any mechanisms established by the company to preserve the independence of the external auditor, of financial analysts, of investment banks and of rating agencies.

The Audit and Compliance Committee has among its functions that of ensuring the independence of the external auditors, and to this end it is obliged to:

i) Make sure that the company informs the CNMV as a relevant fact of any change to the auditor, accompanied by a declaration about any eventual disagreements with the outgoing auditor and the substance of any disagreement.

ii) Ensure that the company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the Independence of auditors. An annual report must be received from the external auditor confirming in writing their independence from the company and any company or entity linked directly or indirectly to it, as well as information on the additional services of any kind provided to these entities by the external auditor or people or entities related to the auditor in accordance with the legislation in force.

iii) Each year publish a report, prior to the report from the account auditors, in which it gives the Committee's opinion of the independence of the external auditor and the additional services apart from auditing provided, referred to in point ii).

iv) In the event of the resignation of the external auditor, examine the circumstances which have led to this.

No specific mechanisms have been established to preserve the independence of financial analysts, investment banks and rating agencies.

C.1.36 State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

No

State if during the year the Company has changed external auditor and if applicable identify both outgoing and incoming auditor:

Not applicable

C.1.37 State whether the audit firm carries out other work for the company and/or group apart from auditing, and if so declare the amount of fees and the percentage of these as a proportion of the fees billed to the company and/or group.

Yes

	Company	Group	Total
Amount received for non-audit work (thousand euros)	2	18	20

Amount for non-audit work as a % of total billings from the audit firm	0.79	3.23	3.6

C.1.38 State whether the Auditors Report on the Annual Accounts of the previous year has reservations or qualifications. Indicate the reasons given by the Chairman of the Audit Committee to explain the content and scope of these reservations or qualifications.

No

C.1.39 State the number of years that the current audit firm has without interruption audited the annual accounts of the company and/or group. Also indicate the percentage which this number of years audited by the firm is of the total number of years in which annual accounts have been audited:

	Company	Group
Number of consecutive years	2	2
Number of years audited by the current firm/ number of years that the firm has been audited (%)	7.41%	7.41%

C.1.40 State and detail if there is a procedure by which Directors may use external advice

Yes

Detail of the procedure
In accordance with Articles 26.3 and 27 of the Rules for the Board of Directors, so that they can be supported in carrying out their functions, external directors may agree as a majority to hire at Vocento's expense legal, accounting, financial and other expert advice. This must be in connection with specific problems of a certain kind that are encountered in their work as director. The decision to hire these services must be informed to the Chairman and may be vetoed by the Board of Directors if a) it is no considered necessary for the performance of the functions of external Directors, b) the expense is not reasonable given the importance of the problem, c) the technical advice needed can be provided adequately by the Company's own experts and technicians, or d) it may result in risks to the confidentiality of the information that is to be handled.

C.1.41 Indicate and detail if there is a procedure by which Directors can have the information necessary for preparing the meetings of administrative bodies with sufficient time:

Yes

Detail of the procedure

In accordance with Articles 20 and 26 of the Rules for the Board of Directors, duly summarised and prepared information will be presented to the Board if enough notice is given before a Board meeting. When the Chairman believes this unadvisable for reasons of security, the information will not be sent and directors will be advised that they may examine it at the company headquarters. In addition, as indicated above, in order to be supported in carrying out their functions, external directors may agree by majority to hire the services of legal, accounting, financial and other experts at the Company's expense.

C.1.42 State and detail if the company has established rules which oblige directors to report on and resign in cases where the credit or reputation of the company could be damaged:

Yes

Explain the rules
According to Article 24 of the Rules for the Procedure of the Board, directors must inform the board and resign in those cases which could damage the standing and reputation of the company, either for being prosecuted for those crimes established by Article 213 of the Law on Corporations or: a) when the reasons for their appointment disappear, i.e. when there is a circumstance in which the entity or business group represented by a director no longer has a significant shareholding in the share capital of Vocento or reduces its holding to a level that requires the reduction of the number of its nominee directors, or when independent directors are no longer seen as such in accordance with the terms of the Rules; b) when there are found to be infractions of the criteria for compatibility and non-prohibition that have been legally established; and c)when they are seriously warned by the Audit and Compliance Committee or by the Appointments and Remuneration Committee for breaking one of their obligations as director.

C.1.43 State if a member of the Board of Directors has informed the company if he has been tried or a trial will start against him for any of the crimes indicated in article 213 of the Law on Corporations:

No

State if the Board of Directors has analysed the case. If so, explain the reasoning for the decision made about the appropriateness of the director continuing or not in the position, or if applicable detail the steps taken by the Board of Directors by the date of publication of this report or the steps planned.

Not applicable

C.1.44 Detail any significant agreements that the company has reached that enter into force, are modified or are terminated in the event of a change in control of the company following a public takeover offer, and the effects of these agreements.

The long-term syndicated financing agreement signed on 21 February 2014 awarded to the Company a maximum amount of €175,274,507, from nine financial institutions with Banco Bilbao Vizcaya Argentaria, S.A. acting as the lead bank, contains a clause as a result of which in the event of a change of control at Vocento S.A. cancels the financing completely, in which case Vocento S.A. would have to pay back the full amounts due under the financing agreement. A change of control is understood as taking place when any individual or legal entity (including any current shareholder of Vocento S.A.) acting on an individual or concerted basis, acquires directly or indirectly more than 50% of the share capital or voting rights of Vocento, S.A., the right to appoint or replace more than half the members of the Board of Vocento, S.A. or the control of Vocento, S.A. according to the terms of Article 42 of the Commercial Code.

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C.1.45 Identify on an aggregate basis and detail the agreements between the company and directors, managers or employees that provide for compensation payments, protection clauses or guarantees in the event of their resignation or unfair dismissal or if the contractual relationship changes following a public takeover bid or other operation.

Number of beneficiaries	8 (EIGHT)
Type of beneficiaries	CEO, Senior Management and other managers
Description of the agreement	**CEO** The Chief Executive Officer has in his contract the right to compensation of two times the amount received in the previous 12 months if the labour relationship is terminated by Vocento with no justified reason. **Senior Management** Some members of Senior Management have a clause in their contracts that includes compensation for unfair dismissal, with an amount that varies from that established in law to 2 years of fixed annual salary plus the variable compensation of the last 12 months. **Other Management** On an exceptional basis, the contracts of managers at lower levels also include, in some cases, clauses of this nature, establishing 1 gross year's salary of compensation

State if these contracts must be informed to and/or approved by company or group bodies:

	Board of directors	Shareholder Meeting
Body authorising the clauses	Yes	No

Is the Shareholder Meeting informed about the clauses?	No

C.2. Committees of the Board of Directors

C.2.1. Detail all the committees of the Board of Directors and their members and the proportion of executive, nominee, external and independent directors on them:

EXECUTIVE COMMITTEE

Name	Position	Type
Santiago Bergareche Busquet	Chairman	Nominee
Luis Enriquez Nistal	Member	Executive
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Urquijo y Fernández de Araoz	Member	Independent
Onchena, S.L.	Member	Nominee
Mezouna, S.L.	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	1	14.3%
Nominee directors	4	57.1%
Independent directors	2	28.6%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: To act as the delegated body of the Board of Directors

Procedures and rules for organisation and functioning: contained in Article 17 of the Rules for the Board, in particular:

- The Committee will be composed of a minimum of five and a maximum of eight directors, and will be chaired by the Chairman of the Board. The Secretary of the Board will serve as Secretary of the Committee and if the Board has a deputy secretary this person will also have that role at the Committee.
- The Board of Directors will ensure that the size and composition of the Committee is efficient and that the participation of the various categories of director is similar to the composition of the Board
- The Executive Committee will meet whenever called by its Chairman.
- The Board will always be made aware of the matters discussed and the decisions taken by the Executive Committee; the chairman will present the corresponding report to the Board meeting. All members of the Board will receive at the end of the year a copy of the minutes of the meetings of the Executive Committee

Most important actions in the year: The Executive Committee met 5times in 2016 to support the CEO, exercise the supervisory function delegated by the Board and review financial information in the months when the Board did not meet.

Indicate if the membership of the executive committee reflects the participation in the Board of the different types of director:

Yes

AUDIT AND COMPLIANCE COMMITTEE

Name	Position	Type
Miguel Antoñanzas Alvear	Chairman	Independent
Fernando de Yarza López-Madrazo	Member	Independent
Carlos Delclaux Zulueta	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Valjarafe, S.L.	Member	Nominee

	Number	Percentage
Executive directors	0	0%
Nominee directors	2	40%
Independent directors	3	60%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general those allocated by Article 529 point 14 of the LSC and the Code of Good Governance for Listed Companies, as reflected in Article 18 of the Rules for the Board.

Procedures and rules for organisation and functioning: contained in Article 18 of the Rules for the Board, in particular:

- The Committee will consist of a minimum of three and a maximum of five external directors appointed by the Board. At least two of them will be independent and all of them and in particular the Chair will be appointed based on their experience and understanding in accounting, auditing, risk management or several of these areas. The Chair will be appointed by the Board from the independent directors and must be substituted every four years, and can be re-elected one time one year after leaving the position. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of this Committee will resign as soon as they resign as directors of the Board.
- The Audit and Compliance Committee will meet whenever the Board or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted. In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators. Any executive director or member of the management team or company employee required to will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have. The Committee may require them to appear without the presence of another manager. The Committee can also require the attendance of the account auditors at its meetings.
- Minutes will be taken of all meetings of the Audit and Compliance Committee. All members of the Board will receive a copy of the minutes of the meetings of the Audit and Compliance Committee.

Most important actions in the year: The Audit and Compliance Committee met 6 times in 2016, and its main actions included: (i) monitoring the functioning of the SCIIF, (ii) reviewing the work of the external auditors, (iii) monitoring the internal audit plan, (iv) analysing the main tax risks at the Group, (v) reviewing financial information and other reports to the market, (vi) reviewing the independence of the external auditors, (vii) monitoring the Crime Prevention Plan, (viii) monitoring the management of business risks, (ix) approving the Code of Good Tax Practices, and (x) reviewing the Policy for Shareholder Relations and Communications.

Identify the director of the Audit Committee who has been appointed Chair as a result of their understanding and experience in accounting, auditing or both, and state the number of years that person has been Chair:

Name of experienced Director	Gonzalo Soto Aguirre.
Number of years as Chairman	2

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Type
Fernando Azaola Arteche	Chairman	Independent
Miguel Antoñanzas Alvear	Member	Independent
Gonzalo Soto Aguirre	Member	Nominee
Mezouna, S.L.	Member	Nominee

	Number	Percent
Executive directors	0	0%
Nominee directors	2	50%
Independent directors	2	50%
Other external	0	0%

Indicate the functions attributed to this Committee, describe its procedures and rules of organisation and functioning, and summarise its most significant actions in the year:

Functions: In general terms those allocated by Article 529 point 15 of the LSC and Code of Good Governance for Listed Companies, and as reflected in Article 19 of the Rules for the Board of Directors.

Procedures and rules for organisation and functioning: contained in Article 19 of the Rules for the Board, in particular:

- The Committee will comprise of a minimum of three and a maximum of five external directors, appointed by the Board of Directors based on their understanding, skills and experience for these functions. At least two will be independent directors. The Chair must be an independent director and will be appointed by the independent directors of the Board. The Secretary of the Board will serve as secretary of the Committee, and if the Board has a deputy secretary that person will also be deputy secretary of the Committee.
- The members of this Committee will resign as soon as they resign as directors of the Board.
- The Appointments and Remuneration Committee must consult the Chairman and CEO, especially in matters concerning the executive directors and Senior Management.
- Any Company director may request the Appointment and Remuneration Committee to take into consideration potential candidates that they believe suitable for covering director vacancies.
- The Committee will meet each time that the Board or the Chair request a report or proposals covered by its competencies and whenever the Chairman, or two members of the Board call it or whenever a report is needed for the Board to come to the corresponding agreements. The Committee will meet in any event to review information that is within its competencies and which will be included in regular public information that will be sent to the markets and the regulator, and to prepare the information about the remuneration of directors, which the Board must approve and include within its annual public documentation. Any executive director or member of the management team or company employee required to will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have.
- The Board will always be made aware of the issues discussed and the decisions taken by the Appointments and Remuneration Committee, with the chairman of the Committee required to present a corresponding report to the meetings of the Board. All members of the Board will receive a copy of the minutes of the meetings of the Appointments and Remuneration Committee.

Most important actions in the year: The Appointments and Remuneration Committee met 6 times in 2016, and its main actions included: (i) the review of the compensation system for the Directors and Chairman, (ii) the review of the fixed and variable compensation of the CEO and senior management, (iii) the preparation and monitoring of long-term incentive plans, (iv) reports about appointments to Committees of the Board and changes in the representatives of Directors, (v) analysis of the membership of Board committees, and (vi) the approval of annual reports in its area of competence.

C.2.2. Complete the following table with information about the number of female directors who have been members of the Board of Directors at the end of the last four years:

	Number of female directos			
	2016 Number - %	2015 Number - %	2014 Number - %	2013 Number - %
Executive Committee	1 (14.29%)	1 (16.67%)	1 (14.28%)	1 (14.28%)
Audit and Compliance Committee	1 (20%)	1 (25%)	1 (25%)	1 (25%)
Appointments and Remuneration Committee	0 (0%)	0 (0%)	0 (0%)	0 (0%)

C.2.5. State, if applicable, the existence of any regulations for the board committees, the place where these can be consulted and the modifications made in the year. Also indicate if on a voluntary basis any annual report has been made of the activities of each committee.

The regulations for the committees can be found in the Rules for the Board, which is available on the group website, in the Shareholders and Investors section, at:

http://www.vocento.com/accionistas-e-inversores/2016/01/10/reglamento-del-consejo-de-administracion-4.html

In 2016, there was a modification to the Rules for the Board of Directors, with the purpose of clarifying that the Chairmen of the various Committees must issue a report to the Board of Directors about the matters discussed at each and every one of the meetings of the corresponding Committee, orally during the meeting of the Board immediately following the meeting of the Committee, as has been the practice for years.

D.- TRANSACTIONS WITH RELATED PARTIES AND INTRA-GROUP TRANSACTIONS

D.1. Explain the procedure for approving transactions with related parties and intra-group transactions.

Procedure for approving transactions with related parties
The Board in full will reserve the right to authorize transactions between Vocento and directors, significant shareholders or those represented at the Board, and people linked to them, except when these transactions meet the following three conditions simultaneously: i) they are carried out under standard contracts; i) they are carried out prices or rates that are established in general terms by the supplier of the good or service in question; and iii) that the amount does not exceed 1% of the annual revenues of the company.

D.2. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and significant shareholders:

No significant transaction

D.3. Detail those transactions that are significant in terms of amount or relevant because of their substance between the company or group entities and company directors or managers.

No significant transaction

D.4. Detail any significant transaction between the company and other group entities, whenever these are not eliminated in the consolidated financial statements and do not form part of the normal business of the company's business.

No significant transaction

Detail any intra-group transaction made with entities established in countries or territories that are considered to be tax havens:

None

D.5. Indicate the amount of transactions made with related parties.

45,048 thousand euros.

D.6. Detail the mechanisms, for detecting, determining and resolving possible conflicts of interest with the company and/or group, and directors, management or significant shareholders.

In accordance with Article 5.3 of the Internal Code of Conduct, those persons subject to the Code must avoid as much as possible any situation which could lead or potentially lead to a conflict of interest. Whenever there is a situation which represents or potentially could represent a conflict of interest, the person submitted to the code must immediately inform the Corporate Compliance Unit (UCC), in writing to the Chair, making available as much information as they request to evaluate the circumstances of the case. Any person aware of a person with a conflict of interest must also inform the UCC about the situation. If the UCC sees a conflict of interest it will transfer the case to the Audit and Compliance Committee to make the appropriate decisions. Any uncertainty about the possible existence of a conflict of interest must be notified to the Audit and Compliance Committee, which will be consider the case and report to the Board of Directors about any decision, informing the UCC. The UCC will advise the persons or people involved in the situation about the conflict of interests and about the decisions made concerning this conflict. The person who is subject to the Code and affected by a situation of conflict of interest will abstain from intervening or influencing, directly or indirectly, the transaction, decision or situation where there is a conflict. In the event of a conflict of interest, and as a general rule derived from the duty of loyalty to the Company, the interest of Vocento will prevail over that of the person subject to the Code and involved in the conflict.

D.7. Is more than one company of the Group listed in Spain?

No

Identify any subsidiaries listed in Spain:

Not applicable

State if there has been a public definition of their respective areas of business and of any business relations between them, and between the listed subsidiary and other group companies:

Not applicable

Identify the mechanisms to be used to resolve any conflicts of interest between the listed subsidiary and other group companies:

Not applicable

E.- RISK CONTROL AND MANAGEMENT SYSTEMS

E.1. Describe the scope of the company's risk management system, including tax risks.

Vocento has long established and approved a risk management system (**SGR**), driven by the Board of Directors and Senior Management, with the aim of understanding and controlling the risks to which the Company is exposed, obtaining an overall view of these risks, and aligning business objectives with the risks identified and with the response measures and controls defined to minimize these risks.

In 2014, the system was subject to an extensive review process supported by an external consultant, and this resulted in the approval by the Board of Directors on 13 November 2014 of a new Risk Management Policy for Vocento and group companies. This was implemented in the following years.

Vocento's risk management system is based on methodological frameworks including COSO II (COSO: Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000, adapted to the specific requirements of the Group. Furthermore, the definition of responsibilities reflects the recommendations of the 'three lines of defence model of FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

This system works in an integrated way across various business and functional areas of the company, including business areas and supporting areas. The policy for controlling and managing risks is based on identifying and assessing the different types of risk that the company faces (a risks map), separating them by relevance, and then determining measures to mitigate the impact of these risks, if they should materialise, and the information and internal control systems used to manage risks at the individual and group level.

E.2. Identify the company bodies responsible for preparing and implementing the Risk Management System.

As risk management is integrated throughout the company, there are various bodies with responsibilities for preparing and implementing the risk management system. The functions and responsibilities of each are established in the Risk Management Policy mentioned previously.

a) Board of Directors / Audit and Compliance Committee:

In accordance with the terms of the Rules for the Board of Directors of Vocento, the board is responsible for approving risk control policies and management and for regularly monitoring internal information and control systems. As a result, it is the ultimate responsible party for the Group's Risk Management.

The Audit and Compliance Committee is responsible for supervising the effectiveness of risk control systems and regularly reviewing internal control and risk management systems, so that the main risks are sufficiently identified, understood and managed.

b) Risks Committee

The Risks Committee is a permanent body with a consultative role in the high level risk management area, with powers to inform, coordinate and make proposals, reporting to the Audit and Compliance Committee. It comprises of all the members of the Executive Committee, and it meets on at least a quarterly basis.

The functions of the committee include: (i) to drive forward the understanding of the Group's risk management policy and the maintenance of a risk-focused culture; (ii) to drive the integration of risks management in all the organisation's processes and procedures; (iii) to provide the Executive Committee, the Audit and Compliance Committee and the Board with overall strategies for risk management and risk appetite for each type of risk; (iv) to ensure the correct updating of the Risks Map; and (v) to validate the risks identified as those to be managed and propose risks for preferential monitoring.

c) Corporate Risks Management Function

The function of Corporate Risks Management is exercised by the financial department and includes coordinating and grouping the processes for identifying, assessing and measuring risks, and the controls and procedures needed to mitigate them, as well as supervising and coordinating front line work, Risk Managers in each unit or business or corporate area, centralizing and managing the information about key risks that they provide. It is responsible for preparing regular risk reports, which are reviewed by the Risks Committee and the Audit and Compliance Committee.

d) Risk Managers

The risk management system involves the entire organization, with the Management Team responsible for its formalization, functioning and updating. However, for each key risk at least one risk manager has been identified, who among other tasks monitors the evolution of the risks that are their responsibility and proposes the most appropriate management strategy, as well as the responses and improvements needed to be implemented to cover any weaknesses of the system. They also provide information to the Corporate Risk Manager.

e) Internal Audit

Supports the Audit and Compliance Committee in the functioning and effectiveness of risk management processes and their assessment, and also evaluates risk management processes including the supervision of controls and procedures. Internal Audit collaborates and provides support and methodology in assessing risks, but is not responsible for evaluating them or for making decisions about the level of exposure to risks.

E.3. Indicate the main risks that could compromise the achievement of business targets, including tax risks.

Vocento defines as a risk any event or contingency, either internal or external, which if it materialized would prevent or make it hard to achieve the targets set by the Group. In 2014, the risk management system was reviewed, and the Vocento Risks Map, which the main risks subject to special monitoring. In 2016 these were not altered. Listed below are the main risks in each of the six risk areas identified.

Strategic: Including mainly falls in advertising sales and circulation revenues, as well as actions from competitors.

Organisational: given the economic situation, includes the lack of ability to pursue growth and digital transformation, and talent retention.

Operational: these risks include not being able to reach tangible levels of quality in products or their distribution.

Compliance: principally covers compliance with internal and external norms and the risks of non-compliance, especially in terms of tax at the Group and a possible different interpretation of the rules by competent tax authorities, or those compliance risks derived from publishing and regulated sectors, with the risk of lawsuits and a loss of assets as detailed in the consolidated annual report of the Group.

Financial: including impacts in raising funds, such as access to financing, and delays and defaults in payments. Specifically, the sale of content and advertising is affected when consumption falls in a recession, while the existence of debt, although less than at competitors and with syndicated financing in place, requires some cash flows from operations to be used to meet payment obligations rather than be allocated to new investments or projects.

Technological: in particular IT security, as in addition to the risk of attacks on systems there is the risk of technological change requiring the media in general to invest in these areas.

E.4. State if the entity has a level of tolerance to risk, including tax risk.

The process of risk management is based on the identification and assessment of the main risks that could prevent Vocento from reaching its goals, and aims to reduce or mitigate these risks to an acceptable level, by establishing the appropriate controls for the importance of each risk, in every process, hence enabling the objectives of internal control to be achieved. Risk appetite and tolerance do not aim to eliminate risk but to control it efficiently, enabling the Group to implement strategies and reach its business objectives.

Risk tolerance is defined as the level of variation that the Group accepts in achieving its targets. It is the acceptable threshold for the target and the associated risk.

According to Vocento's Risk Management Policy, and in order to make risk management strategies and activities in line with Vocento's risk appetite, the acceptable level of tolerance is established by Senior Management, reflecting the Group's interests and objectives, and those of its various key stakeholders. The Board of Directors regularly approves the proposals of the Risks Committee about the risk limits and tolerances to be applied by the Group.

E.5. Indicate which risks, including tax risks, materialized in the year.

Fall of offline advertising revenues / obsolescence of offline products

This risk is a result of the economic crisis, the fall in advertising spend and consumption, and the migration of readers towards online formats. In addition to the strategic measures taken by the company to mitigate this risk, the information and internal control systems that have been established have worked correctly, effectively mitigating the impact of these risks.

Late payments - default

This risk reflects the increase in payment delays from both private sector clients and public administration and local institutions. It has been judged that the internal control and information systems established have functioned correctly (guarantees for payment, credit limits, etc.), effectively mitigating the impact of these risks.

E.6. Explain the plans for responding to and monitoring the main risks of the entity, including tax risks.

Risk control activities represent the response of the organisation to the coverage or mitigation of the risks that have been identified and assessed, enabling internal control objectives to be achieved. They occur across the organisation, at all levels and in all functions, and include a range of varying activities, such as approvals, authorisations, verifications, and segregation of functions, which are carried out systematically in time and which are documented in the internal norms, procedures and instructions that must be complied with.

In Vocento's risk management system, each one of the Risk Managers is responsible for identifying existing management measures and for proposing the right management strategy, as well as the responses and improvements needed to make up for any weaknesses in the system. The supervising body of the system is the Audit and Compliance Committee, which regularly reviews the internal control and risk management systems, so that the main risks are appropriately identified, managed and understood.

F.- INTERNAL SYSTEMS FOR CONTROL AND MANAGEMENT OF RISKS IN THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (SCIIF)

Describe the mechanisms of the systems for risk control and management, in relation to the entity's procedure for issuing financial information (SCIIF).

F.1. The control environment of the entity

Indicate and describe the main characteristics of at least:

F.1.1. The bodies and/or functions responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii); its supervision.

Governance bodies and functions responsible for the SCIIF.

1. Rules for the Board of Directors

On 13 May 2015 the Board of Directors approved a new version of the Rules for the Board, to bring it in line with the terms of the Law on Corporations. The latest version, partly modified by the Board of Directors on 14 November 2016, can be found on the Vocento website.

The Board of Directors formally assumes in its Rules the final responsibility for the existence and maintenance of an adequate internal control system for financial information, including responsibility for its supervision.

Article 6 of the Rules for the Board of Directors of Vocento refers to the general oversight function, and establishes the following functions of the Board which cannot be delegated:

- The formulation of the annual accounts and their presentation to the shareholder meeting.
- The policy for risk control and management and the regular monitoring of internal information and control systems.
- The financial information that the company must publish regularly as a listed company.

Article 8 of the Rules for the Board refers to the specific functions concerning the Annual Accounts and Management Report:

- The Board of Directors will prepare in clear and precise terms that are easy to understand the annual accounts and management report, both individual and consolidated. The Board of Directors will ensure that these present a fair view of the equity, financial situation and results of the company, in accordance with the law.
- The Board of Directors will present the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Article 18 of the Rules for the Board of Directors establishes that the Audit and Compliance Committee has the following responsibilities, among others:

- Supervising the effectiveness of the internal controls of the company, of the internal audit services and systems for controlling risks, including tax risks, and discussing with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the process of preparing and presenting the financial information required.
- Informing the Board in advance of all issues covered in the Law, Bylaws and Rules of the Board, in particular about:

a) The financial information that the company, as a listed company, must regularly publish.

b) It is also the responsibility of the Audit and Compliance Committee

- To monitor the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- To ensure the Independence of the internal audit function

- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.
- Ensure the independence of the external auditor and in the event of their resignation examining the conditions that led to it.

Article 41 of the Rules for the Board refer to the relationship with securities markets and establishes the responsibilities of the Board in the supervision of the regular public information to be supplied to markets and regulators, in compliance with the Internal Rules of Conduct in Securities Markets at Vocento.

The Board of Directors will adopt the measures needed to ensure that six-monthly, quarterly and any other financial information that it is appropriate to provide to the markets is prepared in accordance with the same principles, criteria and professional practices that are used for the annual accounts, and that they have the same accuracy as these. To this end, the information will be reviewed by the Audit and Compliance Committee and by the Appointments and Remuneration Committee in accordance with their respective competencies.

2. Internal norms

The internal norms on the Internal Control System for Financial Information (hereinafter, the SCIIF), approved by the CEO and corporate financial managers and disclosed to the organisation, establish the following responsibilities:

a) The Board of Directors holds the final responsibility for the accuracy of the financial information required and published for the market and regulators, and is responsible for the existence of an adequate and effective SCIIF

b) Senior Management, via the financial department, is responsible for the design, establishment and operation of this system.

c) The Director Generals of the companies have the final responsibility for the internal control over financial information in each company and for making sure that this functions properly, as well as monitoring its efficacy and the accuracy of the financial information that is prepared and reported.

d) The Audit and Compliance Committee has delegated to it by the Board of Directors the function of supervising the process of preparing and presenting the financial information and assessing the SCIIF, supported by the internal audit services.

F.1.2.: If there are the following elements, especially in the process of preparing financial information:

- **Departments and/or mechanisms charged with: (i) the design and review of the organisational structure; (ii) defining clearly lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) sufficient procedures for their correct application in the entity.**

The responsibility for the process of preparing and monitoring the internal norms at Vocento is delegated to the General Management of Human Resources and Organisation, whose functions include that of maintaining the norms and organisation, coordinating the documentation of the processes and controls, and preparing and publishing the norms, procedures and instructions prepared by management. Compliance with these is obligatory in Vocento. These standards include norms for the preparation of financial information.

The design, review and updating of the organisational structure is permanently documented in the Vocento Organisational Handbook, approved by the CEO, available to all members on the corporate intranet. This handbook established the lines of responsibility and authority of the various management departments and levels and the distribution of tasks.

- **Code of conduct, approving body, level of awareness, principles and securities covered (indicating if there is a specific mention for recording transactions and preparing financial information), and the body responsible for analysing non-compliance and proposing corrective and disciplinary measures.**

On 14 January 2014 the Board of Directors unanimously approved Vocento's Internal Rules of Conduct in Security Market, substituting the Internal Code of Conduct for Securities Market in force until that data. All people affected in the organisation were informed, and the Rules are published on the company website. They cover personal transactions, inside information, transactions with related parties and treasury stock. The Corporate Compliance Unit, which reports to the Audit and Compliance Committee, regularly updates and monitors compliance with the terms of the Rules.

In addition, on 13 November 2014 the Board of Directors of Vocento approved a Code of Ethics that reflects the practices that Vocento applies and the principles, values and behaviour expected of managers and employees when carrying out their functions.

The Code includes the practices that Vocento follows, and reflects the company's commitment to legality, good governance, transparency, responsibility, independence, and good behaviour in all actions, and to avoid any action that could damage the company's reputation for upholding socially accepting ethical standards.

There are in the Code specific mentions regarding recording transactions and preparing financial information, so that all transactions must be recorded in accounts at the right time, in accordance with the applicable accounting law, so that financial information is reliable and reflects all the rights and obligations of Vocento and its companies.

The Code of Ethics has been distributed to all employees at Vocento and its subsidiaries, by email, and has been formally signed by the parties, with their receipt and acceptance of it registered.

The Code is available to the public on the Vocento web site, www.vocento.com, in the Corporate Governance section.

A training plan was developed for all employees for all employees, segmented by category and area. The training plan has been provided to senior management and other group managers.

The body responsible for analysing non-compliance with the Code of Ethics and for taking any corrective action required is the Ethics Committee, which reports to the Audit and Compliance Committee.

- **Reporting channel, enabling employees to inform the Audit Committee of financial and accounting irregularities, in addition to any non-compliance with the code of conduct and irregular activities at the organisation, and whether this channel is confidential.**

In 2014, Vocento established a specific communications procedure, the Ethics Channel, by which anyone can report behaviour which is inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, including any financial or accounting irregularities.

The Ethics Channel consists of a specific email address and a postal address. Communications received by this channel will be treated confidentially, and measures have been implemented to guarantee this confidentiality at all times.

To ensure the accuracy of the information received, complaints will only be accepted when the person sending them identifies themselves. All complaints will be analysed and assessed by the Ethics Committee, which has supervisory powers and which will propose any actions to be taken to the Audit and Compliance Committee, the final authority.

- **Regular training and updating programmes for people involved in the preparation and review of financial information and in assessing the SCIIF, covering at least accounting standards, internal controls and risk management.**

In the year, training and regular updates were provided to personnel involved in preparing and reviewing financial information and in assessing the SCIIF, in the following subjects:

- Norms for recording fixed assets.
- Norms for recording payables.
- Valuation of companies.
- Recording Corporation Tax.
- Tax update: tax developments in Spain and the Basque Country for the 2016 tax year.

Some forty people attended the courses from Vocento departments including Financial Planning, Financial Administration, Shared Services, and all the Financial Directors of group companies.

In terms of training for people involved in the assessment of the SCIIF, course content included:

- Basics of internal control systems (COSO)
- The supervisory function of the Audit Committee
- Crimes involving financial information following the reforms of the Penal Code

The entire workforce of internal audit participated in these courses.

F.2 Assessment of risks of financial information

State at the least:

F.2.1. The main characteristics of the process for identifying risks, including errors and fraud, in particular:

- **If the process exists and is documented**

Vocento has formally implemented a risk management system for financial information based on the principles and good practices of the reference document and the supporting information of the CNMV in the document “Internal control over financial information at listed companies” and in the company’s own Norm for the internal control system for financial information (**SCIIF**), which is formalised and supported by its own IT system.

- **If the process covers all the objectives of the financial information (existence and incidents; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and if it is updated, and how often.**

Objectives

The objectives of internal control of financial information, in accordance with the scope defined by the SCIIF Norm, compliance with which will ensure the accuracy of the financial information to a reasonable degree, are as follows:

- Accuracy
- Valuation
- Presentation, breakdown and comparability
- Rights and obligations

Frequency

The SCIIF Norm of Vocento establishes that the process of identifying and assessing risks is carried out every year.

This risk assessment is monitored by the Audit and Compliance Committee.

- **The existence of a process for identifying the consolidation perimeter, including, among others, the possible existence of complex company structures, instrumental entities or special vehicles.**

The risks associated with the achievement of these objectives of controlling risks are identified in the processes of preparing the financial information, in all the accounting items of the profit and loss account and the balance sheet, for all group companies, and are assessed in terms of importance, which is determined by the probability of the risk resulting in a material impact on the individual and consolidated financial statements of Vocento that are provided to the regulator and the market.

The risk assessments weigh the following indicators:

- Complexity of transactions and of the applicable accounting standards.
- Volume of transactions and the quantitative importance for the parties involved.
- Complexity of the calculations needed.
- Need to make estimates or forecasts.
- Application of professional judgement.
- Qualitative importance of the information.

In addition, the following factors have been considered when assessing the risks:

- Known and mature business/process.
- Existence of documented processes and controls.
- Automation and use of systems.
- Existence of incidents in the past.

- **If the process also covers the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) that may affect financial statements**

Scope

The result of the annual assessment of risks is the identification of the total processes and companies to which the SCIIF is applied each year.

The process also considers the effects of tax risks, inasmuch as they may affect financial information, and as a result of this assessment a series of additional controls has been processed for the tax process.

In the risks universe used, the probability of an error with a material impact due to fraud or manipulation of financial information is considered.

All the risks assessed are included in the IT system for the SCIIF, in the risk files that contain the following information:

- Process
- Name and description of risk
- Items/financial information affected
- Potential error
- Assessment of the impact on relevant financial information
- Assessment of the frequency
- Inherent risk
- Assessment of the risk indicators (see before in this section)
- Perceived Risks (high, medium, and low, and this is the basis for its inclusion in the SCIIF)
- Existing controls over the process
- Residual risk
- Need or not to establish controls within the SCIIF.

In addition, a Risks Map for each process is prepared to visualise the impact and probability of each risk in each process

Universe of risks

The risks associated with the achievement of the objectives of accurate financial information form part of the risks universe that is considered in Vocento's general risk assessment, and considers the effect on financial information of other types of risks, such as technological and tax risks.

The body of the entity that supervises the process.

The establishment and maintenance is the responsibility of the Financial Department via the Financial Planning and Control Department, supervised by the Audit and Compliance Committee, which analyses these risks and forms the base for the other components of the SCIIF. Internal Audit provides support to the Financial Planning and Control Department in the annual risk assessment process.

F.3 Control activities

Indicate, describing their main characteristics, if the company has in place at least:

F.3.1. Procedures for reviewing and authorising financial information and the description of the SCIIF, to be published for securities markets, indicating responsible parties, documentation of flows of activities and controls (including those relating to the risk of fraud) over the various types of transactions that could have a material impact on financial statements, including the procedures for closing the accounts and specifically reviewing relevant estimates, valuations and forecasts.

Procedure for reviewing and approving financial information:

The consolidated and individual financial information of Vocento uses information supplied by the various companies: the aim is that the financial information presented to the Board of Directors of Vocento for formulation of accounts have undergone the levels of review needed for those responsible for their preparation.

The responsibility for preparing financial information is of Corporate Financial Management. To achieve the fair accuracy of this information, it has a system for internal controls of financial information, or SCIIF.

At each period of publication of financial information to the securities markets, internal audit carries out tests on a sample of controls and draws conclusions about the effective coverage of risks. The Audit and Compliance Committee monitors the process and reviews the controls established to ensure that they have worked effectively, informing the Board for formulation and publication of the information.

The controls established in the SCIIF are considered key to the achievement of the internal control objectives of the system, according to the scope described above, and have been designed to prevent and mitigate the potential material impact on the consolidated and individual financial information of Vocento of the most important risks identified in the risk assessment, including the procedure for closing accounts and specifically reviewing relevant opinions, estimates, valuations and forecasts.

These controls are implemented at all stages of the process of preparing and presenting the financial information.

- Start
- Authorisation
- Recording
- Processing
- Presentation
- Communication

- Inicio
- Autorización
- Registro
- Procesamiento
- Presentación
- Comunicación

All the controls that have been implemented, including the key controls, are homogeneous across all the companies in which the SCIIF is applied. There is a responsible party designated for their execution and monitoring, and they are documented in the IT system for the SCIIF.

The control activities are carried out at various levels of the organisation and with varying frequencies in order to reduce the risks of errors, omissions or fraud that may affect the financial information in each of the reporting periods (annual, half-yearly and quarterly).

The SCIIF is supported by an IT system that supplies relevant information about the level of control and monitoring undertaken by those responsible for this, delivering enough evidence for conclusions to be made about the system's overall functioning.

The designated responsible people for the execution of the controls will report any instance in which the control has not been carried out or in which significant incidents have been detected during the execution.

The documentation required as evidence that the control has been carried out is included in the IT system for the SCIIF, so that at any time Senior Management and the Audit and Compliance Committee of Vocento have available to them updated information about the level of compliance with the controls and hence of the exposure of Vocento to the risks of reporting inaccurate financial information and the coverage of these risks.

The level of evidence required to be able to make a conclusion about the correct functioning of a control is directly proportionate to the risk of a material error in the individual and consolidated financial information of Vocento.

There are controls throughout the entire process of preparing the financial information, both at source (the companies) and in the corporate department in charge of consolidating and preparing the financial information, including the IT processes for the end users, such as spreadsheets and other specific programs for presentations.

Vocento has a centralised SCIIF and it is the responsibility of the Control and Financial Planning Department to maintain it updated, to monitor compliance with controls and update the IT application.

Internal Audit is responsible for reviewing controls for their effectiveness and for making any recommendations needed.

The SCIIF includes key controls about the recovery of certain inherently high risk assets such as deferred taxes, goodwill and securities, which require financial forecasts to be made based on estimates, hypotheses and professional opinions. In these sorts of controls, the Director Generals of the companies leave evidence of their supervision and assent in the IT application.

In addition, the Audit and Compliance Committee carries out half-yearly and annual monitoring, with the external auditors, of these valuations and impairment tests and proposes to the Board any possible adjustments to be made to the financial information.

<u>Internal certifications of financial information</u>

Vocento's SCIIF contains a system of certifications in which every person responsible for preparing, monitoring and reporting financial information at each company/business unit, functional area and relevant location, formally assumes their responsibility for the accuracy of the information provided to those responsible for preparing consolidated financial information and publishing it externally, with a signed, written certification every half-year and full year.

In this Certification they also state their awareness of the existence and correct operation of the SCIIF in the period. The Director Generals of the companies, the corporate Director Generals and the DGs of each area, the corporate financial department and the CEO are all required to make this certification. The certification forms and the management levels affected are described in the Norm for the SCIIF, and the evidence for the certifications is documented in the SCIIF IT system.

This system of certifications is designed to obtain a level of sufficient commitment from those responsible for preparing the financial information, in processes that do not fall under the direct responsibility of the corporate financial area, and to achieve a higher level of security about the accuracy of the financial information for those finally responsible for its formulation and approval. Notwithstanding this, the existence of this system of certifications does not exempt the Board, Senior Management and the Audit and Compliance Committee from the responsibility of supervising financial information and the SCIIF.

F.3.2. Internal control policies and procedures for information systems (including security of access, control over changes, operations, continuity and separation of functions) that support the relevant processes of the entity for preparing and publishing financial information.

In 2016, an upgrade began of the Management System for Information Security (SGSI), redefining the existing control system according to the ISO 27002, LOPD and ISO 22301 standards. This process should be completed in 2017.

Within this scope are all the ERP systems on which financial information is based and which is used directly to prepare this information.

The project also includes the review of current procedures and general controls in accordance with the generally accepted internal control framework for information systems, Cobit, which includes principles for maintaining appropriate access to systems and installations, modifications to applications, and the recovery of information in the event of losses, as well as back-up systems to ensure continuity in the process of recording transactions, in the event of any incidents in the main systems.

The internal control policies and procedures that are currently documented include a passwords policy for all applications that are involved in the process of preparing financial information, divided into two classes: applications that are integrated in the corporate Active Directory and the corporate ERP, which has its own password policy. The policy includes the expiry time of passwords, their length and the obligatory alpha-numeric requirements.

In addition, user access to each application is controlled by group. This is done centrally using functional systems and the administrators of the applications.

F.3.3. Internal control policies and procedures for supervising activities that are subcontracted to third parties, such as aspects of assessment, calculation or valuation that independent experts undertake and that can have a material impact on financial statements.

No activities are subcontracted to third parties responsible for executing and processing transactions that are reflected on the financial statements.

F.4 Information and Communication

State whether the company has available, and the main characteristics of this, at the least:

F.4.1. A specific function responsible for defining and updating accounting policies (an area or department of accounting policies) and resolving any doubts or conflicts about their

interpretation, with a fluid dialogue with those parties responsible for operations in the organisation and an up to date handbook of accounting policies that has been released to the units via which the entity operates.

Corporate Financial Management, via the Control and Financial Planning Department, is responsible for:

- Defining, establishing, updating and formally communicating via the channels that have been established, to all people involved in the process of preparing the financial information of Vocento, the Handbook of Accounting Policies, which contains the criteria, necessary accounts and procedures for entering and preparing the information on a homogeneous basis across all the companies of Vocento, It is updated annually.
- Resolving any doubts or conflicts about the handbook's interpretation, maintaining a fluid dialogue with those parties responsible for operations in each company.
- In addition, Corporate Financial Management is responsible for defining and formally establishing the channels for the financial information to be disclosed, and for the SCIIF, based on the type of information to be published, its origin, the people responsible for preparing and distributing the information, its destination and frequency.

F.4.2. Mechanisms for entering and preparing financial information in a homogeneous format, to be used by all the units of the entity or group for the main financial statements and notes, and information about the SCIIF.

Vocento uses a common IT system for all its companies (ERP) which supports the process of preparing the financial information. The companies of the group in the audiovisual production and distribution sector use their own specific ERP systems, which transfer their information over interfaces to the common ERP for the rest of the companies included in the consolidation perimeter.

In addition, there is a specific application for accounting consolidation, which is directly fed by the accounting information stored on the common ERP system. All the individual and consolidated information is reported under homogeneous formats defined by the Control and Financial Planning Department.

The entire process of obtaining accounting information for consolidation and reporting is the responsibility of the Corporate Financial Department, via the Control and Financial Planning Department and Investor Relations.

The IT application that supports the SCIIF includes a reporting module which supplies relevant information about the level of compliance and effectiveness of the controls, both by the people responsible for execution and supervision, and per accounting process and company, generating enough evidence for conclusions to be made about the overall functioning of the system.

F.5 Supervision of the functioning of the system

State, including the main characteristics, at least the following:

F.5.1. The supervisory activities of the SCIIF undertaken by the Audit Committee and if the entity has an internal audit function that has amongst its competencies that of supporting the committee in its task of supervising the internal control system, including the SCIIF. In addition, the scope of the assessment of the SCIIF carried out in the year and the procedure by which the person responsible for its assessment discloses the results, and if the entity has an action plan that details any corrective measures to be taken, and if the impact on financial information has been considered.

<u>Supervisory model for the SCIIF</u>

The supervisory and assessment activities of the SCIIF that have been established at Vocento are included in the Norm for the SCIIF and based on the theory of three lines of defence, established by FERMA (the Federation of European Risk Manager Associations) and ECIIA (the European Confederation of Institutes of Internal Auditors).

1st line of defence - Operational management: self-assessment by those in charge of carrying out the controls (executor and supervisor), confirming the correct execution of the controls or any incidents identified. Six-monthly and yearly certifications from the Director Generals, CFO and CEO.

2nd line of defence - Functions of assurance: the Planning and Control Department supervises the correct functioning of the SCIIF, assessing the compliance and supervision of controls carried out by those responsible on site, and notifying any incidents reported by executors and supervisors, as well as ensuring compliance with Certifications for every period in which financial information is published.

3rd line of defence - Internal Audit reviews the effectiveness of the controls in each period of publication of regular financial information, and carries out an annual assessment of the SCIIF based on the 5 internal control components of COSO.

The Audit and Compliance Committee is the governance body that is responsible for supervising and assessing the SCIIF and making reports about its effectiveness and the results obtained to the Board of Directors of Vocento and to Senior Management, and it has the following supervisory responsibilities for the SCIIF, in accordance with the Rules for the Board of Directors of Vocento and the legislation in force:

a) Supervision of the regulated financial information and regular public information.

b) Supervision and assessment of the functioning of the SCIIF.

There is a procedure by which the Audit and Compliance reviews, analyses and comments on the financial statements and other relevant financial information, prior to their publication, with Senior Management, internal and external auditors, to confirm that the information is reliable, clear and relevant and that accounting criteria have been followed that are consistent with the previous year and that the information supplied is complete and consistent with operations.

In particular, it supervises in specific sessions the process implemented by Senior Management to carry out critical judgements, valuations, forecasts, estimates and relevant closing entries, with a significant and/or material impact on financial statements.

For the assessment of the SCIIF, the Audit and Compliance Committee uses the services of Internal Audit, which has the necessary resources, and is devoted exclusively to this function.

The internal auditor reports to the Audit and Compliance Committee and to the CEO of Vocento, and this status and its responsibilities and functions are included in the Internal Audit Bylaws, signed by the Chairman of the Audit and Compliance Committee.

Internal Audit is responsible for assessing the overall operations and effectiveness of the SCIIF, based on the five internal control components of COSO, (i) Control Environment, (ii) Risk Assessment, (iii) Control Activities, (iv) Information and Communication, and (v) Monitoring, based on the information provided to it by the SCIIF IT system as well as any complementary substantive checks deemed necessary about the compliance and effectiveness of the controls, both in terms of the accounting process and at the company level, considering the centralization/dispersion and the uniformity of the controls, and the level of evidence needed to make conclusions about whether these controls are functioning effectively.

All the review process is carried out within the IT system itself, providing evidence about any weaknesses found in the design and operations of the controls, of recommendations made, proposed action plans and communication with those responsible for the controls.

The Audit and Compliance Committee approves the Annual Internal Audit Plan for the assessment of the SCIIF and receives regular information about the results of its work and of the action plan agreed with Management to correct any deficiencies observed.

Internal audit carries out a review of the SCIIF controls in each reporting period there is an annual SCIIF global review in accordance with the 5 components of the COSO Framework (Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring).

Internal Audit is responsible for disclosing the results of the assessment regularly to the Audit and Compliance Committee after completing its work.

Any significant and/or material weaknesses identified in the internal controls of the SCIIF are reported by the Audit and Compliance Committee to the Corporate Financial Management and to the Board of Directors for correction, with Internal Audit monitoring the corrective actions taken to quickly resolve issues, considering the materiality for the accuracy of the individual and consolidated financial information of Vocento.

F.5.2. Whether there is a procedure for discussion in which the account auditor (in accordance with the terms of the Audit Technical Notes), the internal audit function and other experts can inform senior management and the Audit Committee or directors of any significant weaknesses identified in internal controls during the processes of reviewing the annual accounts or other accounts that have been requested. In addition, whether there is an action plan to correct or mitigate any weaknesses observed.

As covered by the Norm for the SCIIF, the external auditors, in their audit of the annual accounts, assess the internal controls thoroughly to establish the nature, date and extent of the auditing procedures that may enable them to express an opinion on the annual accounts, informing the Audit and Compliance Committee of any significant weaknesses detected. The auditors supply the following information to the Audit and Compliance Committee:

- Auditor’s report on Vocento’s individual and consolidated Annual Accounts.
- Report of limited review of the consolidated half-yearly accounts.
- Annual memorandum of recommendations for internal control.
- Report about past adjustments and proposed adjustments to the accounts, if applicable.

In addition, in accordance with the Audit Technical Notes, the external auditor confirms that the information contained in the Management Report is in accordance with the data that have served as the basis for the annual audited accounts.

The external auditor has full unrestricted access to the Audit and Compliance Committee and can be present at meetings on request and without the presence of any financial manager to present the results of their reviews and of the information highlighted above.

The scope of the annual external audits does not only include those Vocento companies with a legal obligation to be audited but also other companies where limited audits and reviews are undertaken by the external auditors, depending on their relative importance and the risks detected.

In addition, on a voluntary basis, the consolidated six-monthly financial information is also subject to a limited review by the external auditor.

F.6 Other relevant information

Not applicable.

F.7 The report of the external auditor

State:

F.7.1. Whether the information about the SCIIF disclosed to markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Appendix. If not, state the reasons.

The Audit and Compliance Committee has not considered it necessary for there to be an additional report from the external auditor to confirm that the information disclosed to the markets about the SCIIF of Vocento is duly supported, because the Committee has obtained enough evidence over the course of the year, based on its legal responsibility to supervise the SCIIF, of its existence and proper functioning. In addition, the external auditor enjoys full access to the IT support system of the SCIIF to assist them in carrying out their auditing work.

G.- LEVEL OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Indicate the level to which the company follows the recommendations of the Unified Code of good governance.

If a recommendation is not complied with, or is complied with only partly, provide a detailed explanation of the reasons, so that shareholders, investors and the market in general have sufficient information to assess the company's behaviour. General explanations will not be acceptable.

1. That the bylaws of listed companies should not limit the maximum number of votes that one single shareholder can cast, or contain other restrictions which make it hard to take control of the company by buying shares in the market.

Compliant

2. That when the parent company and a dependent company are listed, both publicly and accurately define:

a) The respective areas of business and any business relationship between them, and those of the dependent listed company with other group companies;

b) Mechanisms for resolving any conflicts of interests which could arise.

Not applicable

3. That during the ordinary shareholder meeting, as a complement to the distribution of the annual corporate governance report, the Chairman of the Board will orally inform shareholders in sufficient detail about the most relevant aspects concerning corporate governance at the company, in particular:

a) Of the changes that have taken place since the previous AGM.

b) Of the specific reasons why the Company does not follow a recommendation of the Code of Corporate Governance and of any alternative rules applied in this area.

Compliant

4. That the company defines and supports a policy for contacting and communicating with shareholders, institutional investors and proxy advisors, which is fully compliant with all laws on market abuse and on an equal treatment for shareholders in the same position.

And that the company publishes this policy on its website, including information about how it has been put into practice, identifying the representatives responsible for implementing it.

Compliant

5.That the Board does not submit to the approval of the shareholder meeting a proposal for

delegating powers for the issue of shares or convertible securities without preferential subscription rights, for an amount more than 20% of capital at the time of the delegation.

And that when the Board approves any issue of shares or convertible securities without preferential subscription rights, the company immediately publishes on its website the reports about this exclusion as referred to in commercial law.

Compliant

6. That listed companies prepare the reports cited below, either obligatorily or voluntarily, and publish them on their website with sufficient time before the date of the AGM, although this distribution may not be obligatory:

a) A report about the independence of the auditor.

b) Reports about the functioning of the audit committee and appointments and remuneration committee

c) A report from the audit committee about transactions with related parties

d) A corporate social responsibility report

Compliant

7. That the Company broadcasts live on its website the general shareholder meetings.

Compliant

8. That the Audit Committee aims to ensure that the Board of Directors presents the accounts to the General Meeting without reservations or qualifications in the auditor's report, and in the event of any qualifications in exceptional circumstances, both the Chairman of the Audit Committee and the auditors will clearly explain to shareholders the content and scope of these.

Compliant

9. That the company publishes on its website, and permanently, the requirements and procedures that will be accepted to confirm ownership of shares, the right of attendance at the AGM and the exercise or delegation of the vote.

And that these requirement and procedures will support the attendance and exercise of their rights by shareholders and will be applied in a non-discriminatory way.

Compliant

10. That when any legitimate shareholder has exercised before the general shareholder meeting the right to complete the order of the day or present new proposals for agreement, the company:

a) Immediately publishes these complementary points and new proposals for agreement.

b) Publishes the attendance and proxy voting forms or distance voting forms with the modifications needed so that the new points or proposals can be voted, just as the proposals of the Board of Directors.

c) Submits alternative points or proposals for voting with the same voting rules as the points proposed by the Board, in particular any presumptions or deductions about each vote.

d) Following the general shareholder meeting, publishes the voting results for these complementary points and alternative proposals.

Not applicable

11. That in the event the company pays bonuses for attending the shareholder meeting, it establishes in advance a general policy about these payments and that this policy is stable/

Not applicable

12. That the Board of Directors carries out its functions with a single unified purpose and independent judgement, treating the same all shareholders in the same condition, guided by the social interest of achieving a business that is profitable and sustainable in the long term, and aims to ensure the company's continuity and maximize the value of the business.

And in the search for social interest, as well as respecting laws and regulations and behaving with good faith, ethics and respect for commonly accepted good practices and uses, it aims to reconcile this social interest with the corresponding legitimate interests of employees, suppliers, clients and other stakeholders who may be affected, as well as with the impact of the Company on society generally and on the environment.

Compliant

13. That the Board has the scale need for an effective and participatory functioning, which between five and fifteen members advisable.

Compliant

14. That the Board of Directors approves a policy for selecting directors which:

a) Is specific and verifiable.

b) Ensures that proposals for appointment or re-election are based on a prior analysis of the needs of the Board.

c) Favours diversity of knowledge, experience and gender.

That the result of the prior analysis of the needs of the Board is provided in a report from the appointments committee which is published when the general shareholder meeting is called and at which is submitted for ratification the appointment or re-election of each director.

And that the director selection policy supports the goal that in 2020 the number of female directors will represent at least 30 of the total number of members of the Board.

The appointments committee will verify annually compliance with the director selection policy and will include this in the annual corporate governance report.

Compliant

15. That external nominee directors and independent directors represent an ample majority of the board, and that the number of executive directors reaches the minimum necessary, based on the complexity of the group and the participation of executive directors in the company's capital.

Compliant

16. That the percentage of nominee directors in the total of non-executive directors is not greater than the proportion between the share capital represented by these directors and the rest.

This measure may be relaxed:

a) In large capitalisation companies with few stakes that may legally considered to be significant.

b) For companies where a plurality of shareholders are represented on the Board, with no links between them.

Compliant

17. That the number of independent directors represents at least half of the total of directors.

That, nevertheless, when the Company does not have a large capitalisation or is a large cap but

with one shareholder, or several acting together, with more than 30% of share capital, the number of independent directors represents at least one third of the total.

Compliant

18. That companies publish on their website and maintain updated the following information about their directors:

a) A professional profile and biography.

b) Other Boards of Directors to which they belong, at either unlisted or listed companies, as well as other remunerated activities of any nature.

c) The category of director to which they belong, indicating for nominee directors the shareholder they represent or with whom they are connected.

d) The date of their first appointment as director and of subsequent re-elections.

e) Company shares and options on them they hold.

Compliant

19. That in the annual report on corporate governance, following verification from the appointments committee, reasons are given why nominee directors have been appointed at the bidding of shareholders with a stake of less than 3%, also with reasons given why formal requests for a presence on the board from shareholders with a stake that is equal to or higher than others who are nominee directors have not been heeded.

Not applicable

20. That nominee directors resign when the shareholder they represent fully transfers their shareholding, and that when a shareholder reduces their shareholding to a level which requires a reduction in the number of nominee directors they carry this out correspondingly.

Not applicable

21. That the Board of Directors does not proposes the dismissal of any independent director before the completion of the period laid down in the by-laws, except when there exists just cause as approved by the Board following a report from the appointments committee. In particular, just cause will be seen to exist when the director takes up new positions or assumes new obligations that prevent him from fulfilling the duties inherent in the position or when the director is in circumstances that mean he is no longer independent, in accordance with the legislation applicable.

Independent directors may also be dismissed as a consequence of takeover bids, mergers or other similar corporate transactions which lead to a change in the share capital structure, when these changes in the structure of the Board follow the principles of proportionality of recommendation 16.

Compliant

22. That companies establish rules which oblige directors to inform and if applicable resign in those circumstances which could damage the credit and reputation of the company, and in particular, require directors to inform the Board of the penal cases where they are implicated and of the results of any legal processes.

That if a director is tried or committed to trial for one of the crimes noted in corporate law, the Board will examine the case as soon as possible and in light of the specific circumstances decide if the director may continue in the position. And that the Board discloses this to a reasonable degree on the Annual Corporate Governance Report.

Compliant

23. That all directors clearly express their opposition when they think that any proposal for a decision submitted to the may be contrary to the company's interests. And that, particularly independent directors and directors not affected by the potential conflict of interest, this is also the case concerning decisions which could damage shareholders who are not represented on the Board.

And that when the Board adopts significant or repeated decisions on which the director has expresses reservations, the director draws the necessary conclusions and if he chooses to resign, explains the reasons for this in the letter referred to by the following recommendation.

This Recommendation also covers the Secretary of the Board, even though the Secretary may not be a director.

Not applicable

24. That when, either because of resignation or for another reason, a director leaves his role before the end of the mandate, he explains the reasons in a letter sent to all members of the Board. And that, while this will still be stated as a relevant fact, the reason for the departure is also disclosed in the annual corporate governance report.

Explain

Casgo, S.A. did provide a formal letter of resignation when they resigned for personal reasons, informing the Board directly on 18 January 2016.

25. That the appointments committee ensures that non-executive directors have enough time to carry out their functions correctly.

And that the rules for the Board establish a maximum number of companies where they may be directors.

Compliant

26. That the Board meets frequently enough to perform its functions with effectiveness, and at least eight times per year, following the programme of dates and business established at the start of the year, with each Director being able to propose orders of the day that were initially not included.

Compliant

27. That directors are absent only when essential, and these are listed in the Annual Report on Corporate Governance. And that if proxy representation is indispensable, it is granted with instructions.

Compliant

28. That when directors or the Secretary express concern on a proposal or, in the case of the directors, on the performance of the company, and these concerns are not resolved by the Board, at the request of the person who expressed them they are then noted in the minutes.

Not applicable

29. That the company established by which directors can obtain advice needed to carry out their function, including if required by circumstances external advice paid by the company.

Compliant

30. That, independently of the knowledge required of directors for the exercise of their functions, the companies also offer a programme updating their knowledge when circumstances so advise.

Compliant

31.That the order of the day of meetings clearly indicates those points where the Board must adopt a decision or come to agreement, so that directors can study before hand the information needed for this.

When exceptionally and for reasons of urgency, the Chairman wants to submit for approval to the Board decisions or agreements not in the order of the day, this will require the express consent of the majority of directors present, and this will be stated in the minutes.

Compliant

32. That directors are regularly informed of any movements in share ownership and of the opinion of the company and its group held by significant shareholders, investors and rating agencies.

Compliant

33. That the Chairman, who is responsible for the effective functioning of the Board, as well as exercising the functions allocated to him by law and by-law, prepares and submits to the Board a programme of dates and business to discuss; organises and coordinates the regular assessment of the Board and if applicable of the chief executive; is responsible for the management of the Board and its effective functioning; ensures that enough time is dedicated to discussing strategic issues, and approves and reviews the programmes for updating the knowledge of each director when circumstances recommend this.

Compliant

34. That when there exists a coordinating director, the by-laws or rules for the Board, as well as the powers legally allocated, attribute the following: chairing the Board when the chair is absent and the deputies absent, if there are any; note the concerns of non-executive directors; maintain contacts with investors and shareholders to understand their perspective and their concerns, in particular about corporate governance at the company, and coordinate the succession plan for the Chairman.

Not applicable

35. That the Secretary of the Board takes special care that the actions and decisions of the Board take into consideration the Recommendations of good governance contained in this Code which are applicable to the company.

Compliant

36. That the Board of Directors in full assesses once a year and adopts if needs be an action plan to correct any deficiencies detected in:

a) The quality and efficiency of the functioning of the Board

b) The functioning and membership of its committees

c) The diversity of the membership and competencies of the Board

d) The performance of the Chairman of the Board and the chief executive

e) The performance and contribution of each director, paying special attention to those responsible for the various Board committees

To assess the various committees, the basis will be the reports they submit to the Board and the report of the appointments committee.

Every three years, the Board will be supported in the assessment by an external consultant, whose independence will be verified by the appointments committee.

The business relations that the consultant or any company of his group maintains with the company or any group company must be disclosed in the annual report on corporate governance.

The process and the areas assessed will be described in the annual report on corporate governance.

Compliant

37. That when there is an Executive Committee, the structure of participation of the different types of directors is similar to the structure of the Board, and the Secretary is the Secretary of the Board.

Compliant

38. That the Board is always aware of the business treated and the decisions adopted by the Executive Committee, and that all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

Compliant

39. That members of the Audit Committee and in particular the Chairman are appointed based on their knowledge and experience in the area of accounting, audit, or risk management, and that the majority of members are independent directors.

Compliant

40. That there is an internal audit function which, under the supervision of the Audit Committee, monitors the good performance of the information systems and internal control systems and reports to the non-executive chair of the Board or of the Audit Committee.

Compliant

41. That the person in charge of the internal audit function presents the Audit Committee with an annual work programme, directly informs it of any incidents that occur during this, and submits to it at the end of each year a report on his activities.

Compliant

42. That it corresponds to the Audit Committee, in addition to the functions established by the law, the following functions:

1. Concerning information and internal control systems:

a) Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.

b) Ensuring the independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service; approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant risks of the Company; receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.

c) Establishing and monitoring a mechanism which enables employees to communicate confidentially and if possible and appropriate, anonymously, any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

2. Concerning the external auditor:

a) In the event that the external auditor resigns, to examine the circumstances which led to this.

b) Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.

c) Ensure that the company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.

d) Ensure that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the company.

e) Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the independence of auditors.

Compliant

43. That the Audit Committee can call any employee or manager of the company and require them to appear without the presence of any other manager.

Compliant

44. That the Audit Committee is informed about any transactions of structural or corporate modifications that the Company is planning for analysis and for its prior report to the Board about the financial conditions, accounting impact and in particular, if applicable, the swap ratio proposed.

Not applicable

45. That the policy for controlling and managing risks identifies at least:

a) the various types of risks (operational, technological, financial, legal, social, environmental, political, reputational…) faced by the company, including in the financial risks contingent liabilities and other off balance sheet risks;

b) the establishment of the risk level deemed acceptable by the company;

c) measures available to mitigate the impact of the identified risks if they were to materialise;

d) the information systems and internal control systems used to control and manage these risks, including contingent liabilities and off balance sheet risks.

Compliant

46. That under the direct supervision of the Audit Committee or any specialist committee of the Board, there is an internal function for controlling and management the risks, managed by a unit or internal department at the Company with the following functions expressly attributed to it:

a) Ensure the smooth functioning of control systems and risk management, and in particular identify, manage and quantify the major risks that affect the company.

b) Participating actively in preparing the risks strategy and in important management decisions.

c) Ensuring that control systems and risk management adequately mitigate risks as part of the policy defined by the Board.

Compliant

47.

That members of the appointments and remuneration committee – or of the two separate committees if applicable – are appointed on the grounds of their understanding, skills and experience for the functions they are called on to carry out, and that the majority of members are independent directors.

Partly compliant

The Appointments and Remuneration Committee consists of four members, two of whom, including the Chairman, are independent.

48. That large cap companies have separate appointments and remuneration committees.

Not applicable

49. That the Appointments Committee consults the Chairman and the chief executive of the company, especially for matters concerning the executive directors.

And that any director may request the Appointments Committee to take into consideration, if he deems them ideal, potential candidates for director vacancies.

Compliant

50. That the appointments committee carries out its functions with Independence and that as well as those functions it has under law also carries out the following:

a) Proposing to the Board the basic conditions of contracts for senior managers.

b) Confirming the observance of the remuneration policy established by the company.

c) Regularly reviewing the remuneration policy applied to directors and senior managers, including compensation paid with shares and its application, and guaranteeing that individual compensation is proportionate to that paid to other directors and senior managers at the company.

d) Ensuring that any conflicts of interest do not jeopardise the independence of the external advice provided to the Committee.

e) Verifying the information about the compensation of directors and senior management contained in corporate documents, including the annual report about the remuneration of directors.

Compliant

51. That the Remuneration Committee consults the Chairman and the chief executive of the company, especially for matters relating to executive directors and senior management.

Compliant

52. That the rules of membership and functioning of the committees of supervision and control are included in the rules for the Board and are consistent with those applicable to legally obligatory committees, those mentioned in other recommendations, including:

a) That they consist exclusively of non-executive directors, with a majority of independents.

b) That their chairs are independent directors.

c) That the Board appoints members of these committees on the grounds of their understanding, skills and experience for the functions of each committee, considers their proposals and reports and that the committees report to the full Board following their meetings about their activity, with a response to their work.

d) That the Committees can receive external advice when they consider it necessary to carry out their functions.

e) That minutes are taken of their meetings and made available to all directors.

Not applicable

53. That the supervision of compliance with corporate governance rules, internal codes of conduct and the corporate social responsibility strategy is allocated to one committee or distributed among several committees of the Board, which may be the audit committee, appointments committee,

corporate social responsibility committee, if it exists, or a specialist committee that the Board of Directors, in the exercise of their powers of self-organisation, decides to create for this purpose, with the following specific functions as a minimum:

a) The supervision of compliance with internal codes of conduct and corporate governance rules at the company.

b) The supervision of the strategy for communicating and relations with shareholders and investors, including small and medium shareholders.

c) The regular assessment of the appropriateness of the company's corporate governance, in order to comply with the mission of defending social interest, taking into consideration the corresponding legitimate interests of other stakeholders.

d) The review of the company's corporate social responsibility policy, ensuring that it is focused on value creation.

e) Monitoring the strategy and practices of corporate social responsibility and assessing the level of compliance.

f) Supervising and monitoring the processes of stakeholder relations.

g) The assessment of everything related to non-financial risks at the company, including operational risks, technological, legal, social, environmental, political and reputational.

h) Coordinating the process of reporting non-financial information and diversity information, in accordance with applicable norms and international reference standards.

Compliant

54. That the corporate social responsibility policy includes the principles or commitments that the company assumes voluntarily with various stakeholders, identifying at least:

a) The aims of the corporate social responsibility policy and the development of supporting instruments.

b) The corporate strategy for sustainability, the environment, and social issues.

c) Specific practices in issues related to: shareholders, employees, clients, suppliers, social questions, the environment, diversity, tax responsibility, respect for human rights and the prevention of illegal behaviour.

d) Methods or systems for monitoring the results of the application of the specific practices noted above, their associated risks and the management of these.

e) Mechanisms for supervising non-financial risks, ethics, and business conduct.

f) Channels for communication, participation and dialogue with stakeholders.

g) Responsible communication practices which avoid manipulated information and defend integrity and honour.

Compliant

55. That the Company reports in a separate document or in the management report about issues related to corporate social responsibility, using for this purpose an internationally accepted methodology.

Compliant

56. That the remuneration of directors is enough to attract and retain directors of the desired profile and to compensate for the dedication, qualification and responsibility required of the position, but not so high as to affect the Independence of judgement of the non-executive directors.

Compliant

57. That variable compensation linked to the performance of the Company and personal performance is limited to executive directors, as well as remuneration in shares, options, rights on shares or securities benchmarked to the share price, and long term savings mechanisms such as pension plans, retirement plans or other social welfare systems.

Shares may be delivered as compensation to non-executive directors when they are required to hold onto them until they are no longer directors. This will not apply to those shares the director may need to sell to meet the costs related to the acquisition.

Compliant

58. That in the area of variable remuneration, the compensation policies of the company incorporate the limits and technical cautions needed to ensure that they are related to the professional performance of their beneficiaries and not only from the general performance of the markets, the sector of the company, or other similar circumstances.

In particular, that the variable components of remuneration:

a) Are linked to predetermined performance criteria that are measurable, and that these criteria consider the risks involved in obtaining a result.

b) Support the sustainability of the Company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the rules and internal procedures of the company and its policies for risk control and management.

c) Are based on a balance between meeting short, medium, and long-term targets, hence enabling the remuneration of a continued performance over enough time to appreciate a contribution to sustainable value creation, so that the factors determining the variable remuneration are not based only on one-off, occasional or extraordinary events.

Compliant

59. That the payment of a relevant part of the variable components of remuneration is deferred for a minimum time enough such that it can be proved that the previously established conditions for payment have been met.

Compliant

60. That remuneration that is related to Company results takes into consideration any qualifications in the external auditor's report that reduces these results.

Compliant

61. That a relevant percentage of the remunerable variation of the executive directors is linked to the award of shares or financial instruments benchmarked to their value.

Explain

When the variable remuneration of the CEO was agreed, it was not considered appropriate to link it to shares or financial instruments.

62. That once they have been awarded the shares or options or rights to shares corresponding to the remuneration systems, directors may not transfer the ownership of a number of shares equivalent to twice their fixed annual remuneration, nor exercise the options or rights until at least three years after the award.

This does not apply when the director needs to make a sale to satisfy the costs related to the acquisition.

Not applicable

63. That contractual agreements include a clause permitting the Company to claw back the variable components of remuneration when the payment has not been adjusted to the conditions of the performance of when they have been paid on the grounds of data that have subsequently been proved to be inaccurate.

Compliant

64. That payments for the termination of a contract do not exceed an amount equivalent to two years of total annual remuneration and are not made until the company has been able to prove that the director met the previously established performance criteria.

Compliant

H.- OTHER INFORMATION OF INTEREST

1. If there is any other relevant corporate governance issue at the company or in group entities that has not been included in the sections of this report, but which it is necessary to include for a full and fair view of the governance structure and practices of the entity or the group, detail them briefly here.

Not applicable.

2. In this section, the company may also include any other information, clarification or detail related to the previous sections of the report, as long as they are relevant and not repetitive.

In particular, the company will disclose if it is subject to any other legislation that is different to Spanish law in the corporate governance area. If so, it will include the information that it is obliged to supply and that differs from that required by this report.

Not applicable.

3. The company may also indicate if it has voluntarily signed up to other codes of ethical principles or good practices, whether internationally, for its sector, or any other. If so, identify the code in question and the date of joining. In particular, state if the company signed up to the Code of Good Tax Practices of 20 July 2010.

On 27 July 2015, on the proposal of the Audit and Compliance Committee, the Board of Directors approved the Code of Good Tax Practices of Grupo Vocento.

Indicate if any directors voted against or abstained from the approval of this report.

No

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This Annual Corporate Governance Report for Vocento for the year ending 31 December 2016 was unanimously approved by the Board of the company at its meeting on 28 February 2017, following a favourable report from the Audit and Compliance Committee at its meeting of 27 February 2017.

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ANNUAL REPORT OF ACTIVITIES

OF THE AUDIT AND COMPLIANCE COMMITTEE

VOCENTO, S.A.

2016

Approved by the Audit and Compliance Committee on 26 January 2017
Ratified by the Board of Directors on 7 February 2017

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ANNUAL REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE

VOCENTO, S.A.

END DATE OF REFERENCE YEAR: 31/12/2016

1. DESCRIPTION, PURPOSES AND GOALS

This Annual Report of the Activities of the Audit and Compliance Committee of Vocento, S.A. (hereinafter "**Vocento"** or the **"Company**") is addressed to the Board of Directors. It summaries the activities carried out by the Audit and Compliance Committee in various areas of work, including the meetings held and issues discussed in the year. Its preparation and disclosure is in accordance with Article 18.8 of the Rules for the Board of Directors and it is published in conjunction with the individual and consolidated Annual Accounts.

2. THE AUDIT AND COMPLIANCE COMMITTEE

2.1 BACKGROUND

Following an agreement by the Board of Directors of Vocento (then Grupo Correo-Prensa Española), on 18 July 2002, an Audit and Compliance Committee was established, of a voluntary nature and with no executive powers, with the main purpose of supporting the Board of Directors in its oversight functions.

This Committee operated until the stock market listing of Vocento, as result of which, in accordance with the terms of Article 19 of the Company Bylaws and of 18.1 of the Rules for the Board of Directors, the Board of Directors of Vocento on 5 September 2006 established the Audit and Compliance Committee, ahead of the listing and in accordance with Law 44/2002, of 22 November, on Reform Measures of the Financial System.

As a consequence of the publication by the CNMV of "Unified Code of Good Governance" (the "**Código Conthe**") and of the stock marketing listing of Vocento, in 2006 the Committee carried out an analysis of implications of this code for the Audit and Compliance Committees of listed companies such as Vocento, updating the Rules for the Board of Directors, incorporating the new requirements established in the Code.

As a result of the publication on 1 July 2010 of Law 12/2010 of 30 June, which modifies the Law on Auditing Accounts and the Eighteenth Additional Provision on Audit Committees of the 24/1988 Law on Securities Markets was modified. Consequently, Article 18 of the Rules for the Board of Directors, which covers the structure, functioning, powers and obligations of the Audit Committee, was modified in 2010 to incorporate these changes.

Law 12/2010 has increased the responsibility of Audit Committees and Boards of Directors, concerning the accuracy of the financial information that listed companies provide to markets, with it now being the responsibility of Audit Committees to monitor the accuracy of the financial information and to assess the effectiveness of the Internal Control system for financial information. In addition, they must take to the Board of Directors proposals for selecting, appointing, re-electing and replacing external auditors, and for their contractual conditions, and regularly receive information from them about the Audit Plan and its implementation, while preserving their independence in the exercise of these functions.

The functions and composition of the Committee have changed following a modification to the Rules for the Board in May 2015, in response to changes to the Law on Corporations by Law 31/2014 of 3 December, which aims to improve corporate governance, as well as the approval of the Code of Good Governance by the CNMV in February 2015.

Furthermore, in November 2016, a modification was again made to the Rules for the Board of Directors, to clarify that the Chairs of the different Committees, including the Audit and Compliance Committee, must orally report to the Board of Directors about the matters addressed in each meeting of the corresponding Committee during the Board meeting immediately following, as has been happening in practice for years.

2.2 MEMBERSHIP

In accordance with the provisions of the Rules of the Board, the Audit and Compliance Committee is composed of a minimum of three and a maximum of five external directors appointed by the Board of Directors. At least two members must be independent directors.

The Chairman will be appointed by the independent directors of the Board and must be replaced every four years, being eligible for re-election one year after the end of the mandate.

At the current date, the Committee consists of the following members:

Chairman	Appointment	Type
D. Miguel Antoñanzas Alvear	19 January 2015	Independent
Members	**Appointment**	**Type**
D. Gonzalo Soto Aguirre	12 June 2012	External, nominee
Valjarafe, S.L. represented by Dª Soledad Luca de Tena García Conde	12 June 2012	External, nominee
D. Fernando de Yarza López Madrazo	26 April 2016	Independent
D. Carlos Delclaux Zulueta	26 April 2016	Independent

On 26 April 2016, the Board of Directors accepted the resignation presented by D. Fernando Azaola Arteche as a member of the Audit and Compliance Committee, notwithstanding his continued status as director of the company. In the same meeting, as a result of the restructuring of committees proposed by the Chairman of the Board, D. Carlos Delclaux Zulueta and D. Fernando de Yarza López-Madrazo, both independent directors, were appointed to the Committee.

Following the resignation and the two appointments, the Audit and Compliance Committee now consists of the 5 members indicated above.

All members of the Audit and Compliance Committee are External Directors. Furthermore, in compliance with the 39 recommendations of the Code of Good Governance for Listed Companies, all members of the Committee have training and experience in accounting, auditing or risk management.

The Secretary, D. Carlos Pazos, is not a member of the Committee and is Secretary of the Board of Directors of Vocento, in accordance with article 18.1 of the Rules for the Board of Directors. Likewise, the Deputy Secretary, D. Pablo Díaz Gridilla, is Deputy Secretary of the Board, in accordance with this article.

3. SESSIONS AND MEETINGS

The Audit and Compliance Committee will meet whenever the Board of Directors or its Chair requests a report or the adoption of proposals, within the scope of its competencies and whenever the committee's chair or two members request it or it is appropriate to produce a report for the corresponding agreements to be adopted.

In any event, it will meet on a quarterly basis to review the information that is within its competencies and which will be included in the regular public information to be provided to markets and regulators.

Any executive director or member of the management team or company employee who is so required will be obliged to attend meetings of the Committee and collaborate with it and provide it access to the information that they have. The Committee may require them to appear without the presence of another manager.

The Committee can also require the attendance of the account auditors at its meetings.

4. FUNCTIONS AND COMPETENCIES

Notwithstanding any other functions assigned it by the Board, the Audit and Compliance Committee has, among others, the following responsibilities as stated in Article 18 of the Rules for the Board of Vocento, in accordance with the terms of Article 529 of the Law on Corporations:

4.1 GENERAL FUNCTIONS

- Informing the Shareholder Meeting about the issues raised there that fall within the Committee's area of concern.
- Monitor the effectiveness of the internal controls of the Company, as well as internal audit, the system for managing risks including fiscal risks, and discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit.
- Monitoring the process of preparation and presentation of the financial information required by law.

- Bringing to the Board proposals for the selection, appointment, re-election and substitution of the external auditor and the conditions of the auditing contract, and regularly receiving information about the audit plan and its implementation, as well as preserving independence in these functions.
- Establish the appropriate relations with the external auditor for receiving information about those matters that may jeopardise the auditor's independence, to be examined by the Committee, and any other matters related to the audit, as well as any other communications established by auditing law and norms. The Committee will receive each year from the external auditor a declaration of independence from the entity and entities related to it directly or indirectly, as well as information about additional services of any other class provided by the auditor or related people or entities, in accordance with the legislation on auditing accounts.
- Publish each year prior to the publication of the audit of the accounts a report expressing an opinion about the Independence of the auditor. This report must contain a valuation of the additional services mentioned in the previous point, broken down individually and also overall, apart from the legal audit service, as related to the status of Independence and the norms governing audits.
- Informing the Board of Directors in advance about all the matters addressed by the Law, By Laws and Rules for the Board, in particular about:

  a) the financial information that the Company must regularly publish

  b) the creation or acquisition of stakes in special purpose vehicles or entities based in countries or territories considered to be tax havens which will only be possible when other fair and equivalent alternatives do not exist and which comply with the laws and good tax practices applicable to the Group; and

  c) transactions with related parties.

4.2 SYSTEMS FOR INFORMATION AND INTERNAL CONTROL

- Monitoring the process of preparation of the financial information relating to the Company and the Group and ensuring its integrity, reviewing compliance with legal requirements, the accurate establishment of the consolidation perimeter and the correct application of accounting criteria.
- Ensuring the Independence of the internal audit unit; proposing the selection, appointment, re-appointment and dismissal of the person responsible for internal audit; proposing the Budget for this service; approving its direction and work plans, and ensuring that its activity is focused mainly on the relevant risks of the Company; receiving regular information about its activities; and verifying that Senior Management consider the conclusions and recommendations of its reports.
- Establishing and monitoring a mechanism which enables employees to communicate confidentially any irregularities of major import, especially financial and accounting irregularities, that they find in the Company.

4.3 EXTERNAL AUDITOR

- In the event that the external auditor resigns, to examine the circumstances which led to this.
- Make sure that the compensation of the external auditor for their work does not compromise their quality or independence.
- Ensure that the Company publishes as a relevant fact to the Comisión Nacional del Mercado de Valores any change in auditor, accompanying this with a statement clarifying any disagreements with the auditor.

- Ensuring that the external auditor holds an annual meeting with the full Board of Directors to discuss the work carried out, the accounting situation and the risks at the Company.
- Ensuring that the Company and the auditor respect current legislation about the delivery of non-audit services, limits to the concentration of business with the auditor and in general those norms established to ensure the Independence of auditors.

4.4 SUPERVISION OF COMPLIANCE WITH CORPORATE GOVERNANCE RULES, INTERNAL CODES OF CONDUCT AND THE CORPORATE RESPONSIBILITY STRATEGY

- Monitoring compliance with internal codes of conduct and corporate governance rules.
- Monitoring the communications strategy and the investor relations strategy, including small and medium shareholders.
- The regular assessment of the company's corporate governance system, and how it complies with its missions of supporting social interest and reflect the legitimate interests of stakeholders.
- The review of the company's corporate responsibility policy, ensuring it is focused on the creation of value.
- Monitoring the strategy and practices of corporate social responsibility and evaluating the level of compliance.
- Supervising and evaluating the processes of relations with the various stakeholders.
- Evaluating everything that concerns non-financial risks at the Company, including operational risk, technological, legal, social, environmental, political and reputational.
- Coordinating the process of reporting non-financial information and diversity information in accordance with applicable norms and international standards.
- Providing the Board with information about the tax policies and criteria applied by the Company, and about the level of compliance with good tax practices at the Group.
- Publishing the reports and implementing the actions that the Board or Chairman request from it in the exercise of its functions.

5. ACTIVITIES UNDERTAKEN IN 2016

5.1. MEETINGS

In 2016, the Audit and Compliance Committee met on **six (6)** occasions on the following dates:

1) **27 January 2016**
2) **22 February 2016**
3) **10 May 2016**
4) **26 July 2016**
5) **10 November 2016**
6) **28 November 2016**

The following section summarizes the issues discussed, agreements reached and recommendations made by the Audit and Compliance Committee:

➢ **MEETING OF 27 JANUARY 2016:**

- Report from external auditors with preliminary conclusions of their review of the consolidated financial statements for 2015.
- Report analysing tax risks.
- Proposal for Corporate Social Responsibility policy.
- Proposed 2016 plan for Corporate Social Responsibility.
- Information from the Internal Audit plan for 2015.
- Report following up recommendations from internal audit.
- Assessment of remuneration of the director of internal audit.
- Presentation about the state of implementation of the purchasing system.
- Approval of Annual Report of Activities of the Audit and Compliance Committee.

➢ **MEETING OF 27 FEBRUARY 2016:**

- Report from account auditors about the annual accounts of Vocento and the consolidated group for 31 December 2015.
- Report from account auditors confirming their Independence from the Group and dependent bodies, plus information about additional services provided.
- Presentation of the regular public financial information to be sent to the CNMV and the market for 31 December 2015.
- Report about the functioning and effectiveness of the SCIIF in the fourth quarter of 2015.
- Risk management report for 4Q15.

- Report about the effectiveness of the SCIIF controls in the fourth quarter of 2015.
- Assessment of the SCIIF in 2015 and its compliance with the recommendations from the CNMV and the COSO standard.
- Proposed annual report from internal audit for 2015.
- Proposed report for crime prevention for 2015
- Proposed Corporate Social Responsibility action plan for 2016.
- Proposed formulation of annual accounts for Vocento and the consolidated group for 2015.
- Proposed Annual Corporate Governance Report for 2015.
- Report from the Committee about the independence of the external auditors from the Group and dependent bodies, plus information about additional services provided.

➢ **MEETING OF 10 MAY 2016:**

- Report from the external auditors about internal control recommendations for 2015.
- Requesting from the external auditors of the Limited Review of accounts to 30 June 2016.
- Functioning of the SCIIF in 1Q16.
- Report from Internal Audit about the effectiveness of the SCIIF controls in 1Q16.
- Presentation of the regular public financial information to send to the CNMV and to the market, for the first quarter of 2016.
- Risk management report for 1Q16.
- Monitoring of internal audit plan for 2016.
- Monitoring of implementation of crime prevention system.

➢ **MEETING OF 28 JULY 2016:**

- Report from the external auditor about the limited review of consolidated financial information for 30 June 2016.
- Functioning of the SCIIF in 2Q16.
- Presentation of the regular public financial information to send to the CNMV and to the market, for the second quarter of 2016.
- Presentation about the risk management system.
- Report from Internal Audit about the effectiveness of the SCIIF controls in 2Q16.
    - Monitoring of internal audit plan for 2016.
- Implementation of crime prevention and response system.

➢ **MEETING OF 10 NOVEMBER 2016:**

- Functioning of SCIIF during 3Q16.

- Report from Internal Audit about the effectiveness of the SCIIF controls in 3Q16.
- Presentation of the regular public financial information to send to the CNMV and to the market, for the third quarter of 2016.
- Status of corporate simplification plan.
- Monitoring of internal audit plan for 2016.
- Monitoring of implementation of crime prevent system in 2016.

➢ **MEETING OF 28 NOVEMBER 2016:**

- Report from the external auditors with preliminary conclusions about the review of the consolidated financial statements for 30 September 2016 and preliminary analysis of the matters addressed in point 2 above.
- Annual assessment of SCIIF risks relating to 2016.
- Proposed Corporate Social Responsibility plan for Vocento in 2017.
- Proposed internal audit plan and budget for 2017.

The Chairman of the Audit and Compliance Committee informed the Board about the main business discussed in the meetings held, and the Secretary of the Committee and Board prepared minutes of each meeting which were sent to all Directors immediately for their approval.

Various managers appeared at the Committee in the year, including the Chief Financial Officer and the Internal Auditor.

The external auditor participated in the meetings of the Audit Committee, when requested to, providing information about the development and results of the audits.

5.2 ASSESSMENT

In 2016, the Audit Committee carried out a self-assessment, which was undertaken by the Secretary of the Board. The results of this process were shared with members of the Committee.

5.3 FINANCIAL INFORMATION

The Audit and Compliance Committee reports to the Board prior to its approval of the financial information that Vocento must publish regularly.

Consequently it monitors the process of preparing and guaranteeing financial information and ensures compliance with legal requirements, and the correct application of the consolidation perimeter and accounting standards.

In these tasks it has been supported by the financial department and the internal and external auditors.

The Committee in the various meetings of the year has reviewed:

- The Regular Public Financial Information to send to the CNMV and to the market, following a report from internal audit about the effectiveness of SCIIF controls, ensuring that the quarterly and half-yearly reports are prepared in accordance with the same principles, criteria and professional practices as the annual report and with the same level of accuracy.

- The report from the external auditors following the limited review of the consolidated financial information to June.
- The proposal for the formulation of the Annual Accounts of Vocento and the consolidated group.
- The report from the external auditors about the preliminary conclusions of the review of consolidated financial statements to September.
- The report from the external auditors about the annual accounts of Vocento and the consolidated group.

5.4 EXTERNAL AUDITOR

The Audit and Compliance Committee must regularly receive from the external auditor information about the audit plan and its implementation and preserve their independence in these processes. In the year it undertook the following activities in this area:

- Received a report from the account auditors confirming their independence from the Company and dependent entities, as well as information about additional services provided.
- Prepared a report expressing an opinion about the Independence of the account auditors and the delivery of additional services.
- Requested from the external auditors a limited review of the consolidated half-yearly accounts to June and the accounts to September.

5.5 INTERNAL AUDIT

5.5.1 Supervision of the function

The company's internal audit function has been operating since 2004, as part of the Audit and Compliance Committee and reporting to the Chief Executive Officer, and it aims to ensure the correct functioning of information systems, internal controls, and risk management.

Its competencies are established by the Internal Audit Statute approved by the Audit and Compliance Committee, approved by the Chairman of the Audit and Compliance Committee.

Complying with its responsibilities for supervising internal audit services, the Audit and Compliance Committee carried out an assessment of the performance of the director of internal audit, including an assessment of the compensation corresponding to 2015.

5.5.2 Internal Audit Plan

In accordance with the functions that are its responsibility according to its Statute, the internal auditor presented to the Audit and Compliance Committee for approval the Internal Audit Plan for 2017 and the budget.

The Internal Audit Plan for 2016 was practically fully implemented. The Plan included specific reviews of the controls of the SCIIF, in each financial reporting period to the market and to the regulator. All components of the internal control system for financial information were reviewed, enabling overall conclusions to be drawn about the effectiveness of the SCIIF, in accordance with the international COSO standard.

In addition, another objective of the audit plan, included in the Strategic Plan for Internal Audit, was to ensure compliance with the increasing responsibilities of the Audit and Compliance Committee, in the area of corporate governance and the supervision of risk control and management, increasing as a result of new legislation. Internal audit reviewed the adaptation of the Rules for the Board of Directors of Vocento, with the requirements of the Law on Corporations and the Code of Good Governance for Listed Companies, as part of the responsibilities and functions of the Audit and Compliance Committee.

Internal Audit, as the third line of defence (1) has developed a global assurance map for Vocento, detailed the coverage of the relevant risks that have been identified by the risk management system, indicating the controls in place for their mitigation and the areas responsible for managing these controls – the second line of defence – which provides the universe of processes and controls for internal audit to review.

5.5.3 Following up of recommendations

In the course of the year, work was carried out to follow up recommendations by issuing reports to the Director Generals of business areas and corporate areas, as the parties responsible for the functioning of the internal control system in their respective areas. This following up process aims to ensure that the recommendations made are implemented effectively. For each report, an action plan was proposed by the parties responsible for the audited processes, including actions to carry out to implement the recommendations.

5.5.4 Information and communication

Over the course of the year, the internal auditor attended all the meetings and regularly informed the Audit Committee about the Internal Audit plan, of the conclusions reached, and of the recommendations made, and about the following up and implementation of the plan. The Executive Committee has also been kept informed with the same frequency.

The internal auditor published a Report of Activities at the end of the year.

In addition, the internal auditor has met the Chairman of the Audit Committee, without the presence of any other manager or non-member of the committee.

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1 *To facilitate the audit and compliance committee in its work of monitoring the risk management and control systems, the Federation of European Risk Management Associations (FERMA) and the European Confederation of Institutes of Internal Auditing (ECIIA) propose a methodological focus that is aligned with the three lines of defence model, which establishes the role of internal audit as to guarantee the functioning of the internal control system for the governance and senior management organisations, based on an assessment of the effectiveness of the risk management and compliance functions.*

Internal Audit has carried out its work with the Independence required and there has been a satisfactory level of cooperation from managers and employees, with no relevant incidents or any difficulties in accessing information or people; information channels functioned correctly.

5.6 SYSTEMS FOR RISK MANAGEMENT AND CONTROL

5.6.1 Risk Management System

The Audit and Compliance Committee is responsible for ensuring the effectiveness of internal controls and risk management systems, including tax risks.

Vocento has implemented a risk management system which aims to enable understanding and oversight of the risks to which the Company is exposed, aligning business objectives, the risks identified, response measures and the controls established, in order to minimize the impact of any of these risks materializing.

In 2014, this risk management system was subject to an in-depth review and on 13 November 2014 the Board of Directors approved a new Risk Management Policy for Vocento and group companies.

In the year the Chief Financial Officer, in charge of the function of managing risks, presented to the Audit and Compliance Committee a new risk management report that was the outcome of the process of identifying and assessing risks that was carried out by the Risks Committee, which consists of members of the Management Committee of Vocento, including key indicators for the management and control of the main risk whose materialization could affect the objectives of Vocento.

Regarding the new responsibilities over tax risks, the external tax advisor presented the Audit and Compliance Committee with an analysis of the situation, highlighting that no new tax risks were identified compared to the previous year, with all risks duly provisioned against in accounts.

5.6.2 Internal Control System for Financial Information (SCIIF)

In 2011 Vocento implemented an Internal Control System for the regulated Financial Information (SCIIF) that it discloses to the market and to regulators. The main aim of this is to provide the Board of Directors with a reasonable level of security about the accuracy of the financial information that Vocento is obliged to publish as a listed company.

Vocento's SCIIF follows the recommendations of the CNMV as contained in the document "Control of financial information at listed companies," and it is fully operational, as documented in an internal norm approved by Senior Management, and supported by an IT application that enables the execution of the controls and their review by internal audit.

As an additional guarantee of the accuracy of the financial information, Vocento's SCIIF also benefits from a system of certifications about the accuracy of the information and about the functioning of the internal control systems, signed every six months by the director generals of the companies, the Chief Financial Officer and finally by the Chief Executive Officer.

Among its responsibilities in the area of internal control, the Audit and Compliance Committee has monitored the effectiveness of the SCIIF, supported by the services of internal audit, which carries out an overall review of the SCIIF according to the COSO standard used by Internal Control, verifying that the CNMV recommendations are met.

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5.6.3 System for Preventing Crime and Responding to it

On 13 November 2014, the Board of Directors of the Company approved a Crime Prevention Policy, which aims to send to all managers and employees at Vocento the message that Vocento ensures that its activity is based on principles which result in behaviours that are committed to legality, good governance, transparency, responsibility, independence, and reputation for upholding socially accepting ethical standards.

In this context, the Board also approved on 13 November 2014 Vocento's Code of Ethics, which sets the standards of behaviour that Vocento has already been applying in its activities.

The Code of Ethics establishes a specific communications channel, the Ethics Channel, by which any employee can confidentially report behaviour which is inappropriate or contrary to the Code of Ethics or any other internal or external norms that are applicable, including financial and accounting norms.

All Vocento employees have been notified of the Code of Ethics and are understood to have welcomed and accepted it.

In 2015, the Company outsourced the receipt and management of any communications to an external supplier, with their own IT system, which provides more Independence to the receipt of communication, ensuring their confidentiality and complying with the law governing the protection of personal data. This outsourcing agreement was maintained in 2016.

To implement the Crime Prevention Policy, in 2015, using the competent bodies, a specific and effective internal control system will be implemented to prevent crimes, made up of a series of measures designed to assess risks, prevent, detect and respond to any non-compliance with the Code of Ethics or other possible crimes, while also documenting the practices that Vocento has been applying historically.

Included in this internal control system are protocols for acting and for monitoring, used in order to assess and reduce the risk of conduct which is illegal, irregular or contrary to the Code of Ethics. These are complemented by the implementation of effective, continuous controls that can be upgraded and reviewed.

In 2016, Vocento continued to implement the system for preventing and responding to crime, in particular in regard to the general and specific controls for specific crimes, the supporting IT system for the controls and the training plan, whose aim is to encourage a culture of compliance and hence to contribute to avoiding the materialisation of criminal risks in the activity of employees and managers,

In terms of supervision, the Ethics Committee, which reports to the Audit and Compliance Committee, has been granted the function of preparing and monitoring the implementation, development and compliance of the internal system for crime prevention. Other companies in the group headed by Vocento have signed up to this system, under the responsibility of different bodies, without prejudice to their recourse to the Ethics Committee on a case by case basis.

The Secretary of the Ethics Committee has regularly informed the Audit and Compliance Committee about the progress of the implementation of the system for preventing and responding to crime, and has submitted for its consideration a report on crime prevention prepared by the Ethics Committee, which provides information about all the activities carried out in the year.

5.7 CORPORATE GOVERNANCE AND COMPLIANCE

5.7.1 Corporate governance

It corresponds to the Audit and Compliance Committee to monitor the internal codes of conduct and rules of corporate governance, to supervise the strategy of communications with shareholders and to review the corporate social responsibility policy.

Complying with these responsibilities, the Audit and Compliance Committee carried out the following activities:

- Review of the Annual Report on Corporate Governance and proposal to the Board
- Review of the Corporate Social Responsibility Policy and proposal to the Board
- Review of the Annual Report on Activities of the Audit and Compliance Committee and proposal to the Board
- Review and proposed Plan for Corporate Social Responsibility
- Review and proposed 2016 Action Plan for Corporate Social Responsibility

5.7.2 Corporate Compliance Unit

The Corporate Compliance Unit was created with the responsibility of maintaining up to date the information that Directors and employees must disclose to the Company, in accordance with Article 32.3 of the Rules for the Board.

In accordance with this mandate, on 14 January 2014 the Board of Directors approved Vocento's Internal Rules of Conduct in Security Markets, Article 8 of which creates the Corporate Compliance Unit as an independent body reporting to the Audit and Compliance Committee.

The Corporate Compliance Unit has informed the Audit and Compliance Committee on a quarterly basis of the measures taken to ensure compliance with Vocento's Internal Rules of Conduct in Security Markets, approved in 2014. The reports mentioned any incidents in the updating of the people and amounts affected, and any incidents in regard to personal transactions and in the interaction of the Group with the Comisión Nacional del Mercado de Valores.

In this regard, the Secretary to the Board of Directors regularly sent to the Audit and Compliance Committee the Quarterly Report of the Corporate Compliance Unit, stating the measures taken in order to ensure compliance with the terms of the Internal Code of Conduct. These measures include the creation of the required documentary records, the written notification to every person covered by the code that they are affected by it, and the obligations this implies, as well as the assessment of the level of compliance and any incidents detected.

6. CONCLUSIONS FROM THE ACTIVITIES UNDERTAKEN

In the period under consideration, the Audit and Compliance Committee has functioned with the expected normality, exercising fully and without interference its competencies and with total respect for the legislation in force and the internal norms of functioning and organisation contained in the Rules for the Board of Directors. Over the course of the year, the Audit and Compliance Committee has been supported by the services of Internal Audit, the Corporate Compliance Unit and the External Auditors, who have carried out the functions entrusted to them.

As a result of this work, the members of the Audit and Compliance Committee:

- consider that the Committee has in the course of the year satisfactorily complied with the functions assigned to it by the Board of Directors of Vocento and contained in its Rules, in particular those functions pertaining to the monitoring of the process of preparing and presenting regulated financial information, and the supervision of internal audit;
- state their approval of the effectiveness of the internal control systems associated with the process of preparing this regulated financial information, and with the level of compliance with the norms and recommendations of good corporate governance; and
- have informed the Board of Directors and the Management of the company about those aspects which may be approved in their corresponding areas of responsibility.

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APPENDIX

On 28 February 2017 the Directors of VOCENTO, S.A. prepared the consolidated annual accounts and directors' report for VOCENTO, S.A. and subsidiaries set out in the following documents: consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flow, on one page each numbered from 1 to 5, the notes to the consolidated annual accounts on 85 sheets numbered from 6 to 85, and a 6 page appendix, and a 18 page directors' report, including the annual corporate governance report as point "xv" and the annual report on the activities of the Audit and Compliance Committee as point "xvi". The preceding documents have been printed on one side of sheets of numbered company stationary, together with this appendix, which have been signed by all of the members of the Board of Directors, and each page was signed by the Secretary to the Board of Directors for identification purposes.

In Bilbao, on 28 February 2017

Mr. Santiago Bergareche Busquet (Chair)	**Mr. Gonzalo Soto Aguirre** (Vice- Chair)
Mr. Luis Enríquez Nistal (CEO)	**Mr. Fernando Azaola Arteche** (Director)
Mr. Miguel Antoñanzas Alvear (Director)	**Mr. Carlos Delclaux Zulueta** (Director)
ENERGAY DE INVERSIONES, S.L. (represented by Mr. Enrique Ybarra Ybarra)	**MEZOUNA, S.L.** (represented by Mr. Ignacio Ybarra Aznar)
ONCHENA, S.L. (represented by Mr. Álvaro Ybarra Zubiría)	**Mr. Gonzalo Urquijo y Fernández de Araoz** (Director)
VALJARAFE, S.L. (represented by Mrs. Soledad Luca de Tena García-Conde)	**Mr. Fernando de Yarza López-Madrazo** (Director)
Mr. Carlos Pazos Campos (Non-voting Secretary)	