

Yell Publicidad, S.A.

Annual Accounts and Directors' Report for the Financial Year ended on 31st March 2007

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Yell Publicidad, S.A.

Balances de situación a 31 de marzo de 2007 y 31 de octubre de 2006

(Miles de euros)

ACTIVO	2007	2006
B) INMOVILIZADO	243.051	255.281
II. Inmovilizaciones inmateriales (Nota 5)	18.012	26.325
Estudios y proyectos	21.443	21.443
Aplicaciones informáticas	83.548	85.418
Propiedad industrial	4.434	4.496
Amortizaciones	(88.908)	(82.400)
Provisiones	(2.505)	(2.632)
III. Inmovilizaciones materiales (Nota 6)	22.867	21.861
Terrenos y construcciones	25.535	25.535
Instalaciones técnicas y maquinaria	27	27
Otras instalaciones	11.656	10.238
Mobiliario	3.418	4.333
Equipos para proceso de información	23.080	30.333
Otras inmovilizaciones materiales	99	99
Amortizaciones	(40.121)	(48.704)
Provisiones	(827)	0
IV. Inmovilizaciones financieras (Nota 7)	202.172	207.095
Participaciones en empresas del grupo	201.535	280.651
Participaciones en empresas asociadas	1.568	1.568
Otras participaciones	227	227
Depósitos y fianzas constituidos a largo plazo	369	373
Otros créditos	492	515
Administraciones públicas a largo plazo (Nota 15)	8.186	13.057
Provisiones	(10.205)	(89.296)
C) GASTOS A DISTRIBUIR EN VARIOS EJERCICIOS (Nota 8)	7.044	8.534
D) ACTIVO CIRCULANTE	360.480	352.588
II. Existencias (Nota 9)	56.578	37.388
Existencias	56.578	37.388
III. Deudores	292.054	288.483
Clientes por ventas y prestación servicios	315.842	317.496
Empresas del grupo, deudores (Nota 16)	10.255	5.881
Deudores varios	1.142	1.050
Personal	947	1.037
Provisiones	(36.132)	(36.981)
IV. Inversiones financieras temporales	10.911	25.327
Créditos a empresas del grupo (Nota 16)	4.520	25.295
Otros créditos (Nota 7)	6.391	32
VI. Tesorería	195	484
VII. Ajustes por periodificación	742	906
TOTAL ACTIVO	610.575	616.403

Las notas 1 a 19 incluidas en la memoria forman parte integrante del balance de situación a 31 de marzo de 2007

Yell Publicidad, S.A.
Balances de situación a 31 de marzo de 2007 y
31 de octubre de 2006

(Miles de euros)

PASIVO	2007	2006
A) FONDOS PROPIOS (Nota 10)	154.775	139.068
I. Capital suscrito	18.051	18.051
II. Prima de emisión	7.460	7.460
IV. Reservas	113.557	43.840
Reserva legal	3.682	3.682
Otras reservas	109.875	40.158
VI. Pérdidas y ganancias	15.707	69.717
B) INGRESOS A DISTRIBUIR EN VARIOS EJERCICIOS (Nota 11)	6.455	7.882
C) PROVISIONES PARA RIESGOS Y GASTOS (Nota 12)	3.039	5.269
D) ACREEDORES A LARGO PLAZO	100.378	108.910
III. Deudas con empresas del grupo y asociadas	84.188	88.735
Deudas financieras a largo plazo con empresas del grupo (Notas 13, 16)	84.188	88.735
IV. Otros acreedores	16.190	20.175
Otras deudas	7	7
Administraciones públicas a largo plazo (Nota 15)	16.183	20.168
E) ACREEDORES A CORTO PLAZO	345.928	355.274
II. Deudas con entidades de crédito (Nota 13)	1.622	15.623
III. Deudas con empresas del grupo y asociadas	40.653	78.715
Deudas financieras con empresas del grupo (Notas 13, 16)	32.499	72.378
Otras deudas con empresas del grupo y asociadas (Nota 16)	8.154	6.337
IV. Acreedores comerciales	94.325	93.783
Deudas por compras o prestación de servicios	93.998	93.239
Anticipos recibidos por pedidos	327	544
V. Otras deudas no comerciales	37.223	37.411
Administraciones públicas (Nota 15)	17.541	14.382
Otras deudas no comerciales (Nota 14)	19.682	23.029
VII. Ajustes por periodificación	172.105	129.742
TOTAL PASIVO	610.575	616.403

Las notas 1 a 19 incluidas en la memoria forman parte integrante del balance de situación a 31 de marzo de 2007

Yell Publicidad, S.A.
Cuentas de pérdidas y ganancias a 31 de marzo de 2007
y 31 de octubre de 2006

(Miles de euros)

DEBE	2007	2006
A) GASTOS		
Aprovisionamientos (Nota 16)	17.290	36.843
Gastos de personal (Nota 16)	40.870	74.570
Dotaciones para amortizaciones del inmovilizado	8.193	12.546
Variación de las provisiones de tráfico (Nota 16)	2.650	7.661
Otros gastos de explotación	61.787	102.092
Servicios exteriores de empresas del grupo (Nota 16)	3.197	2.973
Servicios exteriores	58.332	98.611
Tributos	144	170
Otros gastos de gestión corriente	114	338
I. BENEFICIOS DE EXPLOTACIÓN	34.075	108.470
Gastos financieros	2.717	6.725
Gastos financieros por deudas	43	4.686
Gastos financieros por deudas en empresas del grupo (Nota 16)	2.674	2.039
Diferencias negativas de cambio	9	142
II. RESULTADOS FINANCIEROS POSITIVOS	4.987	1.548
III. BENEFICIOS DE LAS ACTIVIDADES ORDINARIAS	39.062	110.018
Variación de las provisiones del inmovilizado y de la cartera de control (Nota 16)	4.407	6.354
Pérdidas procedentes del inmovilizado (Nota 16)	14.995	25
Gastos y pérdidas extraordinarias (Nota 16)	2.915	100
IV. RESULTADOS EXTRAORDINARIOS POSITIVOS	0	0
V. BENEFICIOS ANTES DE IMPUESTOS	18.942	103.611
Impuesto sobre sociedades (Nota 15)	3.235	33.894
VI. RESULTADO DEL EJERCICIO (BENEFICIO)	15.707	69.717

Las notas 1 a 19 incluidas en la memoria forman parte integrante de la cuenta de pérdidas y ganancias correspondiente al ejercicio de cinco meses finalizado el 31 de marzo de 2007

Yell Publicidad, S.A.
Cuentas de pérdidas y ganancias a 31 de marzo de 2007
y 31 de octubre de 2006

(Miles de euros)

HABER	2007	2006
B) INGRESOS		
Importe neto de la cifra de negocios (Nota 16)	143.664	324.084
Ventas netas a empresas del grupo	0	17
Ventas netas y prestación de servicios	143.664	324.067
Aumento de las existencias de productos terminados y en curso	17.564	11.062
Otros ingresos de explotación	3.637	7.036
Ingresos accesorios y otros de gestión corriente	3.637	7.036
I. PÉRDIDAS DE EXPLOTACIÓN	0	0
Ingresos de participaciones en capital	0	149
En empresas fuera del grupo	0	149
Ingresos de otros valores y créditos	529	986
En empresas del grupo (Nota 16)	383	543
En empresas fuera del grupo	146	443
Diferencias positivas de cambio	7.184	7.280
II. RESULTADOS FINANCIEROS NEGATIVOS	0	0
III. PÉRDIDAS DE LAS ACTIVIDADES ORDINARIAS	0	0
Beneficios procedentes de inmovilizado inmaterial	0	72
Ingresos extraordinarios (Nota 16)	2.197	0
IV. RESULTADOS EXTRAORDINARIOS NEGATIVOS	20.120	6.407
V. PÉRDIDAS ANTES DE IMPUESTOS	0	0
VI. RESULTADO DEL EJERCICIO (PÉRDIDAS)	0	0

Las notas 1 a 19 incluidas en la memoria forman parte integrante de la cuenta de pérdidas y ganancias correspondiente al ejercicio de cinco meses finalizado el 31 de marzo de 2007

Yell Publicidad, S.A.
Annual Report for the Financial Year lasting Five Months ended on 31st
March 2007

NOTE 1 – INCORPORATION AND MAIN ACTIVITIES

The company “Yell Publicidad, S.A.”, hereinafter referred to as the Company, was incorporated on 14th July 1967 with the company name of “Compañía Publicitaria de Exclusivas Telefónicas, S.A.” (Cetesa) and later “Telefónica Publicidad e Información, S.A.”. The objects of the company and its main activity are the publishing of directories and advertising in any kind of media, commercialisation and provision of all kinds of services related to advertising, as well as the development and commercialisation of commercial information systems, databases, technology and programmes related to the matters inherent in its corporate purpose, with a scope of operations covering both Spain and abroad, which may be performed either directly, in part or in whole by the Company, or by holding shares or stakes in companies with an identical or similar object.

On 31st January 2007, the change in company name from Telefónica Publicidad e Información, S.A., to Yell Publicidad, S.A. was converted into a public document.

NOTE 2 – BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

The figures in these annual accounts are given in thousands of euros, unless expressly stated otherwise.

a) True and fair view

The annual accounts of the five-month financial year ending on 31st March 2007 have been obtained from the company’s accounting records and have been drawn up by the Directors. They are presented according to legal regulations in force and pursuant to the Spanish Law on Public Limited Companies and National Chart of Accounts, approved by Royal Decree of 20th December 1990, in order to provide a true and fair view of the Company’s net worth and financial position, profit and loss and funds obtained and applied.

The annual accounts for the five-month period ending on 31st March 2007 will be submitted for the Shareholders’ approval at the Annual General Meeting of Yell Publicidad, S.A. We believe that they will be approved without any amendments. The annual accounts for the ten-month financial year ended on 31st October 2006 were approved by the Shareholders at the Annual General Meeting of Yell Publicidad, S.A., held on 24th January 2007 without any amendments whatsoever to the accounts prepared by the Directors.

After the delisting process came to an end on 4th April 2007, after the listing of the shares was temporarily withdrawn, pursuant to the decisions made by the Councils of the Stock Exchanges where the Company’s shares were listed, the Company decided to avail itself of the exemption to prepare consolidated financial statements, in accordance with current regulations. Article 43 of the Spanish Commercial Code exempts the Company from drawing them up as the

consolidated annual accounts of the holding company (Yell Group plc) deposit them in the Companies' Registry.

The attached annual accounts, at 31st March 2007, do not show the effects that would arise from applying consolidation criteria according to generally accepted accounting principles in Spain, although the effect on the capital and reserves would be positive.

b) Comparison of information and basis for presentation

b.1) On 24th January 2007, the shareholders at the Annual General Meeting approved the amendment of their corporate year, changing from starting on 1st November and ending on 31st October the following year to beginning on 1st April and finishing on 31st March of the following year.

As a result, the financial year started on 1st November 2006 ends on 31st March 2007.

As stated in the preceding paragraphs, the figures provided in the attached financial statements are not comparable between each other, as they record only five months of activity in 2007, compared with ten months in the financial year ended on 31st October 2006.

b.2) On 1st August 2006, the company Midorina, S.L. (Sole Proprietorship) proceeded to acquire 94.25% of the share capital of Yell Publicidad, S.A. (increased to 98.72% at 31st March 2007). The guidelines of the new parent company of Yell Publicidad, S.A. concerning dividend distribution of the Yell Group's subsidiaries amount to an amendment in the recording of deferred taxes linked to their undistributed profit.

As a result of the above, the Company proceeded to record deferred taxes linked to undistributed reserves of the subsidiaries of its Group in which it holds a direct stake. It entered a larger expense of 4,416 thousand euros for this item to be distributed over several financial years in the balance sheet of the five-month financial year ended on 31st March 2007.

b.3) For the purposes of presenting these annual accounts, transactions performed with companies in the Yell Group correspond to balances and groups with companies in the Group.

b.4) Until 31st October 2006, the Company recorded income and expenditure associated with paper products (publishing) when their distribution was started.

The Company's Directors, in keeping with the accounting practices of other leading companies in the sector, which include the holding company of the Group the Company belongs to, and with tacit commitments to clients of this type of products, consider that a true and fair view of the Company's activity in connection with the provision of services to its clients of these published products, is shown more appropriately if the income and expenditure associated with these products is recorded in the profit and loss account not when their distribution is started, the criterion used by the company until 31st

October 2006, but when the copies forming the print run of these published products are substantially distributed. In practice, the directories are considered to be substantially distributed when a distribution of 95% of the print run has been achieved.

As a result, the Directors believe that the profit and loss account shows a truer and fairer view of the profit (loss) obtained by the Company for the services provided during the period to its clients.

The effect of the change in the criterion means that there is less income for the five-month period ended on 31st March 2007 for the amount of 49,966 thousand euros, and less expenditure on the directories whose income has not been recorded for the amount of 20,107 thousand euros.

NOTE 3 – PROPOSAL FOR PROFIT DISTRIBUTION

The following profit distribution will be submitted for the Shareholders' approval at the General Meeting for the financial year ended on 31st March 2007:

BASES DE REPARTO	Euros
Pérdidas y ganancias	15.706.820,81
DISTRIBUCIÓN	
A reservas voluntarias	15.706.820,81

NOTE 4 – VALUATION STANDARDS

The main valuation standards used by the Company to prepare the annual accounts were as follows:

a) Intangible fixed assets

The Company applies the following criteria to record its intangible fixed assets:

1. Studies and projects.

This basically records expenditure on new product development, specifically individualised by projects.

They are recorded at purchase price and they are amortized using a straight-line method over a period of three years.

2. Computer applications.

They are recorded at acquisition cost and they are amortized using a straight-line method over a period of three years.

3. Industrial property.

This covers the rights to use industrial property and patents and trademarks.

The rights to use industrial property include the right of use, of the typographic font used by the Company, as well as the maps to be included in the production of the directories. They are recorded at purchase price and amortized using a straight-line method over a period of four years.

Patents and trademarks are recorded at purchase price and they are amortized using a straight-line method over a period of five years.

The Company performs the necessary value corrections in order to attribute the lower applicable market value at each year end to every intangible fixed asset element, as long as the book value of the intangible fixed assets is not recoverable by generating sufficient revenue to cover all the costs and expenses, including amortization.

The relevant correction provision for valuation of the asset is established for lasting depreciation that is not considered definitive. If the depreciation of the assets is irreversible and other than systematic amortization, the value of the asset is lowered, recording the loss directly in the profit and loss account.

The sum recorded in the profit and loss account of the five-month financial year ended on 31st March 2007 for the item of allocation to the provision for depreciation of intangible fixed assets amounted to 2,505 thousand euros (see note 5). On the other hand, an excess provision has been recorded in the profit and loss account for the five-month financial year ended on 31st March 2007 for the amount of 529 thousand euros.

The sum recorded in the profit and loss account of the five-month financial year ended on 31st March 2007 for the item of amortization of intangible fixed assets came to 6,534 thousand euros (see note 5).

b) **Tangible fixed assets**

The tangible fixed assets acquired prior to 31st December 1983 are valued at cost price, updated according to diverse legal provisions. Subsequent additions have been valued at acquisition cost.

The Company commences depreciation of the tangible fixed asset elements on the date they are acquired or, if appropriate, at the time when they are available for use and operation.

After that date, the tangible fixed assets are depreciated using the straight-line method, distributing the cost of the assets over the estimated years of useful life, as detailed below:

Tipo de activo	Años de vida útil estimada
Construcciones	50,00
Instalaciones técnicas y maquinaria	6,66
Otras instalaciones	16,66 / 9,00
Mobiliario	10,00
Equipos para proceso de información	4,00 / 3,00

Costs relating to expansion, modernisation or improvement, which increase productivity, capacity or efficiency, or which lengthen the useful life of the assets, are capitalised as an increased cost of the same.

Conservation and maintenance expenses are charged to the profit and loss accounts as soon as they are incurred.

The Company performs the necessary value corrections in order to attribute the lower applicable market value at each year end to every tangible fixed asset element, as long as the book value of the tangible fixed assets is not recoverable by generating sufficient revenue to cover all the costs and expenses, including depreciation.

The relevant correction provision for valuation of the asset is established for lasting depreciation that is not considered definitive. If the depreciation of the assets is irreversible and other than systematic depreciation, the value of the asset is lowered, recording the loss directly in the results.

The sum recorded in the profit and loss account of the five-month financial year ended on 31st March 2007 for the item of allocation to the provision for depreciation of tangible fixed assets amounted to 827 thousand euros (see note 6).

The sum recorded in the profit and loss account of the five-month financial year ended on 31st March 2007 for the item of depreciation of tangible fixed assets came to 1,659 thousand euros (see 6).

c) Financial investments

The Company applies the following criteria in recording its investment in negotiable securities:

1. Officially listed securities: the lower value between acquisition cost and market value. Market value is considered to be the lower of the average official listing in the last quarter and the listing at the end of the financial year.
2. Stakes in the capital of group or associated companies: the lower value between acquisition cost and the underlying book value of the stakes, adjusted by the amount of the unrealised capital gains when purchased and which still remain at the time of subsequent valuation.
3. Securities that are not officially listed: the lower value between acquisition cost and the underlying book value obtained from the last annual accounts available.

Losses between cost and market value, or the adjusted underlying book value, are recorded under the "Provisions" heading in the attached balance sheets.

d) Deferred expenses

These are the expenses of deferred interest on long-term debts, which are taken to the profit and loss account during the maturity term of the relevant debts. They

are also the expenses for taxes to be paid in the countries of origin, associated with the undistributed reserves of its subsidiaries in Latin America.

The expenses of deferred interest will be valued by the difference between the repayment value and the issue value of the relevant debts.

e) Stocks

The Company stock is basically comprised of:

- Costs and expenses incurred, associated with the paper directories in progress that are to be published during the following financial year.
- The costs and expenses associated with internet and telephone products with revenue pending recognition.
- Raw materials for publishing the directories.
- Other storable materials.

Incoming and outgoing raw material stocks (paper and card) are valued at the weighted average cost of acquisition and the rest of the storable materials at acquisition cost.

Provisions for the depreciation of stocks are allocated pursuant to their age and rotation. The cost of obsolete storable products is reduced to their realisable value.

The allocation to the provision for stock depreciation charged to the profit and loss account for the five-month financial period ended on 31st March 2007 came to 50 thousand euros (see note 9).

f) Provisions for liabilities and charges

The Company allocates provisions for liabilities and charges when the liability or obligation requiring payment arises, on the basis of the best possible estimates at the time of drawing up these annual accounts.

The amount recorded under this heading in the attached balance sheet at 31st March 2007 is fundamentally due to:

1. Provisions to cover risks and liabilities related to the Company's activity and for possible third party claims, as well as possible losses that may occur in the future due to extraordinary causes arising in the Company until the annual accounts are prepared.
2. Provisions to cover the Company's obligations to its workers, to settle the seniority bonus in the financial period when a certain number of years' service at the Company is completed, by virtue of the Collective Agreement in force.
3. Provisions made by the Company for the amount of negative net worth of its subsidiaries, according to its percentage stake.

g) Debts

The debts contracted by the Company are recorded in the attached balance sheet at 31st March 2007, at their repayment value.

Debts are classified according to maturity at year end. Short-term debts are considered to be those that fall due before twelve months and long-term debts are those that fall due after that period.

In long-term financial debts, the difference between the amount received and the repayment value is entered into the books, if applicable, on the asset side of the balance sheet under the heading "Deferred Expenses".

h) Corporation tax

Corporation tax expenses are calculated according to the pre-tax accounting profit and loss figure, increased or decreased, as appropriate, by the permanent differences with the result for tax purposes. The differences are understood to be those that arise between the gross tax base and the pre-tax accounting profit (loss) that do not revert in subsequent periods, minus the tax rebates and credits and excluding tax withholdings and payments on account.

The difference between the expense incurred and the tax paid is due to time differences in allocating expenses and revenue, which give rise to prepaid taxes, as long as they have a reversal period under ten years, and deferred taxes regardless of their reversal period, which are recorded in the attached balance sheet under the headings "Public Administrations, long-term debtors" and "Public Administrations, long-term creditors", respectively.

The withholdings applied to the Company outside of Spain, which may not be recovered from any public administration, are recorded as a corporation tax expense paid abroad.

i) Income, expenditure and accruals and prepayments

As stated in note 2, in the five-month period ended on 31st March 2007, the Company amended its criterion of when to record income and expenditure for publishing products. On the basis of the new criterion, income from advertising and the costs associated with those products are entered at the time when the directories have been substantially distributed.

Income from invoicing of advertising in publishing products contracted for directories whose income has not been recognised is recorded under the heading "Accruals and deferred income" in liabilities and the associated costs accrued as "Stocks in progress" up to the time when the directories are substantially distributed.

Income and expenditure of internet advertising and telephone products are accrued over the period the relevant advertisements remain in force.

The rest of the income and expenditure are allocated according to the accrual criterion, that is, when the real flow of goods and services they represent takes

place, regardless of the moment when the monetary or financial flow derived from them arises.

Moreover, following the prudence concept, the Company only enters profit realised on the date of the year end, while foreseeable risks and losses, even possible ones, are entered as soon as they are known.

j) **Balances and transactions in foreign currency**

Conversion to national currency of fixed-interest securities and credits and debits stated in foreign currency is performed by applying the exchange rate in force when the relevant transaction is performed. They are valued at year end according to the current exchange rate at that time.

The exchange differences that occur due to the valuation at year end are classified according to currency and maturity. Currencies that have official convertibility are grouped together for these purposes, even if they are different.

The net exchange gains of each group of currencies are recorded under liabilities in the balance sheet as "Deferred income", except if exchange losses for the relevant group have been taken to "exchange losses" in the profit and loss account from previous financial years or in the financial year, in which case the gains will be paid to the profit and loss of the year, up to the limit of the net exchange losses charged to the profit and loss of previous financial years or the financial year. Exchange losses are taken directly to the profit and loss account.

Deferred exchange gains from previous financial years are taken to the profit and loss account in the financial year in which they mature, or the corresponding credits and debits are cancelled in advance, or as exchange losses of an equal or higher amount are recognised in each homogeneous group.

NOTE 5 - INTANGIBLE FIXED ASSETS

The breakdown and transactions for the five-month financial year ended on 31st March 2007 in the different intangible fixed assets accounts and their relevant accumulated amortizations were as follows:

	Saldo a 31-10-06	Adiciones	Bajas	Saldo a 31-03-07
Inversiones				
Estudios y proyectos	21.443	0	0	21.443
Aplicaciones informáticas	85.418	4.224	6.094	83.548
Propiedad industrial	4.496	9	71	4.434
Total inmovilizaciones inmateriales	111.357	4.233	6.165	109.425
Amortización acumulada				
Estudios y proyectos	21.443	0	0	21.443
Aplicaciones informáticas	57.402	5.834	8	63.228
Propiedad industrial	3.555	700	18	4.237
Total amortización acumulada	82.400	6.534	26	88.908
Provisiones por depreciación	2.632	2.505	2.632	2.505
Inmovilizaciones inmateriales netas	26.325	(4.806)	3.507	18.012

In the financial period ended on 31st March 2007 provisions were allocated for the depreciation of intangible fixed assets amounting to 2,505 thousand euros due to probable failure to take advantage of some computer application developments.

The deletions for the period are basically computer developments in connection with the publishing production application, which were unviable and, consequently, they are not going to be used in the future.

At the conclusion of the five-month period ended on 31st March 2007, the gross amounts of fully amortized intangible fixed asset elements were as follows:

Elementos totalmente amortizados	2007
Estudios y proyectos	21.443
Aplicaciones informáticas	48.043
Propiedad industrial	3.888
Total	73.374

At the conclusion of the five-month period ended on 31st March 2007, existing contractual commitments to acquire intangible fixed assets amounted to 30 thousand euros.

NOTE 6 - TANGIBLE FIXED ASSETS

The breakdown and transactions for the five-month financial year ended on 31st March 2007 in the different tangible fixed assets accounts and their relevant accumulated depreciations were as follows:

	Saldo a 31-10-06	Adiciones	Bajas	Saldo a 31-03-07
Inversiones				
Terrenos y construcciones	25.535	0	0	25.535
Instalaciones técnicas y maquinaria	27	0	0	27
Otras instalaciones	10.238	1.418	0	11.656
Mobiliario	4.333	169	1.084	3.418
Equipos para proceso de información	30.333	2.120	9.373	23.080
Otras inmovilizaciones materiales	99	0	0	99
Total inmovilizaciones materiales	70.565	3.707	10.457	63.815
Amortización acumulada				
Terrenos y construcciones	14.647	165	0	14.812
Instalaciones técnicas y maquinaria	27	0	0	27
Otras instalaciones	5.193	418	0	5.611
Mobiliario	3.058	108	1.082	2.084
Equipos para proceso de información	25.778	968	9.160	17.586
Otras inmovilizaciones materiales	1	0	0	1
Total amortización acumulada	48.704	1.659	10.242	40.121
Provisiones por depreciación	0	827	0	827
Inmovilizaciones materiales netas	21.861	1.221	215	22.867

In the financial period ended on 31st March 2007, provisions were allocated for the depreciation of tangible fixed assets amounting to 827 thousand euros as the non-use of certain computer equipment is foreseen in the future.

The deletions for the period are basically totally depreciated elements that were not being used.

At 31st March 2007, the gross amounts of the fully depreciated tangible fixed asset elements were as follows:

Elementos totalmente amortizados	2007
Terrenos y construcciones	8.150
Instalaciones técnicas y maquinaria	27
Otras instalaciones	2.122
Mobiliario	798
Equipos para proceso de información	13.431
Otro inmovilizado material	1
Total	24.529

ANNUAL ACCOUNTS YELL PUBLICIDAD, S.A.

At the conclusion of the five-month period ended on 31st March 2007, existing contractual commitments to acquire tangible fixed assets amounted to 11 thousand euros

The Company has taken out insurance policies to provide cover for possible liabilities of assets necessary for the operation.

NOTE 7 – FINANCIAL INVESTMENTS

The financial investment breakdown and variations in the five-month financial year ended on 31st March 2007 were as follows:

Inversiones	Saldo a				Saldo a
	31-10-06	Adiciones	Bajas	Traspasos	
Participaciones en empresas del grupo	280.651	1.762	98.667	17.789	201.535
Participaciones en empresas asociadas	1.568	0	0	0	1.568
Otras participaciones	227	0	0	0	227
Depósitos y fianzas constituidos a largo plazo	373	54	58	0	369
Otros créditos	515	30	53	0	492
Administraciones públicas a largo plazo (Nota 15)	13.057	5.760	10.631	0	8.186
Total inmovilizaciones financieras brutas	296.391	7.606	109.409	17.789	212.377
Provisiones	89.296	1.604	80.695	0	10.205
Total inmovilizaciones financieras netas	207.095	6.002	28.714	17.789	202.172

On 29th March 2007, the Company acquired 100% of Edinet Europa, S.A. for the amount of 1,762 thousand euros.

On 30th March 2007, the Brazilian company Telefónica Publicidade e Informação, Ltda. increased its capital by 17,789 thousand euros by the capitalisation of the loan that Yell Publicidad, S.A. had granted its subsidiary.

Similarly, on 30th March 2007, the Company sold 100% of the capital of its Brazilian subsidiary Telefónica Publicidade e Informação, Ltda. for an amount of 8,500 thousand US dollars, collected on 2nd April 2007. As a result of the sale, the Company has recorded extraordinary losses of 13,379 thousand euros.

The details of subsidiary, associated and affiliated companies at 31st March 2007 are as follows:

	Coste de particip.	Porcentaje Participación		Capital	Prima	Reservas	Dividendo a cta	Resultado		Provisión
		Directa /	Indirecta					Neto /	Extraor.	
EMPRESAS FILIALES										
Yell Publicidad Internacional, S.A.U.(1)	49.343	100,00%		49.343	0	943	0	43	(395)	0
TPI Edita, S.A.U.(1)	11.016	100,00%		663	9.255	(5.599)	0	477	(1.364)	7.584
TPI Direct, S.L. (Sociedad Unipersonal)(1)(*)	1.053	100,00%		61	929	(1.507)	0	(199)	(80)	1.053
Yell Perú, S.A.(2)	18.253	100,00%		785 (c)	0 (c)	27.484 (c)	0 (c)	30.608	0 (c)	0
Yell Argentina, S.A.(2)	54.488	95,00%	5,00%	62.878 (e)	0 (e)	3.432 (e)	0 (e)	13.470	0 (e)	0
11888 Servicio Consulta Telefónica, S.A.(1)	60	99,90%	0,10%	60	0	8.673	0	4.693	764	0
Impresora y Comercial Publiciguas, S.A.(2)	65.560	49,00%	51,00%	2.667.296 (d)	0 (d)	39.503.321 (d)	0 (d)	191.605	0 (d)	0
Edinet Europa, S.A.U.(1)	1.762	100,00%		61	0	1.884	0	276	1	0
Publiguías Holding, S.A.(2)	0	99,99%	0,01%	12.931 (b)	0 (b)	3.040 (b)	0 (b)	34	0 (b)	0
Directorios Holding, B.V.(2)	0	100,00%		18	13.104	2.511	(2.425)	(7)	0	0
Edinet América, S.A.(2)	0	100,00%		292.698 (d)	0 (d)	(192.063) (d)	0 (d)	23.083	0 (d)	0
1288 Servizio di Consultazione Telefonica, S.R.L.(2)	0	100,00%		10	0	976	0	274	0	0
Servicios Reseignements Telephoniques, S.A.S.U.(2)(*)	0	100,00%		37	0	(31)	0	0	0	0
	<u>201.535</u>									<u>8.637</u>
EMPRESAS ASOCIADAS										
Guía Local Network, S.A.	1.568	20,00%		3.700 (a)	0	(2.930) (a)	0	0	0 (a)	1.568
	<u>1.568</u>									<u>1.568</u>
PARTICIPACIÓN EN EMPRESAS										
Euredit, S.A.	227	5,00%		2.800	600	2.561	0	3.418	0	0
	<u>227</u>									<u>0</u>
TOTAL	<u>203.330</u>									<u>10.205</u>

(1) Información obtenida de balances a 31-03-07.
Sociedades con ejercicio social de 01-11-06 a 31-03-07

(2) Información obtenida de balances a 31-03-07.
Sociedades con ejercicio social de 01-01-07 a 31-12-07

(*) Sociedades en proceso de disolución

(a) Miles de reales brasileños
(b) Miles de dólares estadounidenses
(c) Miles de nuevos soles peruanos
(d) Miles de pesos chilenos
(e) Miles de pesos argentinos

The registered office of the company Yell Publicidad Internacional, S.A. (Sole Proprietorship) (previously Telefónica Publicidad e Información Internacional, S.A.) is in Madrid, at Avenida de Manoteras, 12. The objects of the company are the management and administration of securities representing the equity of companies that

are non-resident in the Spanish territory, as well as providing services, including those of a financial nature, to partially owned companies. The abovementioned company has, at 31st March 2007, 5% of the share capital of the company Yell Argentina, S.A. and 51% of the share capital of Impresora y Comercial Publiguías, S.A.

The registered office of the company TPI Edita, S.A. (Sole Proprietorship) is in Madrid, at Avenida de Manoteras, 28. The objects of the company are publishing, both in Spain and abroad, of all kinds of publishing products, the provision of composition services for publishing products on any media, the provision of computer services related to the composition and preparation of publishing products, as well as selling advertising space in publishing products.

The registered office of the company Yell Perú, S.A.C. (previously Telefónica Publicidad e Información Perú S.A.C.) is at Paseo de la República, 3755 San Isidro, Lima (Peru). The objects of the company are publishing and commercialisation of directories, information contents and advertising services and, in general, all kinds of telecommunications services.

The registered office of the company Yell Argentina, S.A. (previously Telinver, S.A.), is in Buenos Aires (Argentina), at Avenida Alicia Moreau de Justo, 500. The main activity of Yell Argentina, S.A. is based, on the whole, on publishing and commercialisation of directories, as well as promoting and selling advertising space in different media.

The registered office of the company 11888 Servicio Consulta Telefónica, S.A. is in Madrid, at Avenida de Manoteras, 28. The objects of the company are the provision of fixed telephony services available to the public and telephone directory services using any media.

The registered office of the company Impresora y Comercial Publiguías, S.A. is in Santiago de Chile (Chile), at Avenida Santa María 0792. The objects of the company are the telephone directory business in any media, with all its derivatives and use of telephone files.

The registered office of the company Edinet Europa is in Madrid, at Avenida de Manoteras, 12. The objects of the company are the publication of publishing products and the provision of purchase and printing services and others related to the production of these products.

Furthermore, on 28th February 2007, the dissolution of the company TPI Direct, S.L. (Sole Proprietorship) was approved. At 31st March 2007, the transfer of all its assets and liabilities to its holding company was pending.

Similarly, on 10th February 2007, the dissolution of the company Services Resignements Telephoniques, S.A.S.U. was recorded. At 31st March 2007, the transfer of all its assets and liabilities to its holding company was pending.

None of the subsidiary, associated and affiliated companies is listed on the Stock Exchange.

NOTE 8 – DEFERRED EXPENSES

The balance at 31st March 2007 was broken down into the following items:

- Deferred interest expenses arising from interest generated in the acquisition of Yell Argentina, S.A. due to the delayed payment of the purchase price up to 3rd May 2008. The schedule for application of the interest is as follows

	<u>vencimientos</u>		<u>saldo</u>
	<u>2008*</u>	<u>2009*</u>	<u>31-mar-07</u>
Gastos por intereses diferidos	2.411	217	2.628

(*) Los ejercicios 2008 y 2009 finalizan el 31 de marzo de 2008 y 31 de marzo de 2009, respectivamente.

- Advance expenses for 4,416 thousand euros due to entering the taxes associated with non-distributed reserves of South American subsidiaries (see note 2b.2), which will be recorded in the profit and loss account when the approval of the abovementioned reserves occur and the corresponding dividend income is consequently recognised.

NOTE 9 - STOCKS

The breakdown of the stocks balance at 31st March 2007 is as follows:

	<u>2007</u>
Existencias materias primas	3.745
Costes guías de papel en curso	45.355
Costes productos internet y telefónicos en curso	7.507
Otros aprovisionamientos	21
Provisión depreciación existencias	(50)
Total	56.578

NOTE 10 – CAPITAL AND RESERVES

The breakdown and the transactions in the accounts forming “Capital and Reserves” for the five-month period ended on 31st March 2007 were as follows:

<u>Evolución fondos propios</u>	<u>Saldo a</u> <u>31/10/06</u>	<u>Distribución</u> <u>result. 2006</u>	<u>Resultado</u> <u>ejer.2007</u>	<u>Saldo a</u> <u>31/03/07</u>
Capital social	18.051	0	0	18.051
Prima de emisión	7.460	0	0	7.460
Reserva legal	3.682	0	0	3.682
Otras reservas	40.158	69.717	0	109.875
Pérdidas y ganancias	69.717	(69.717)	15.707	15.707
Total	139.068	0	15.707	154.775

The Shareholders at the Annual General Meeting held on 8th April 2006, delegated the increase in its share capital by a maximum amount equivalent to half of the Company's share capital to the Board of Directors for a period of five years. At 31st March 2007, no use of this authorisation had been made.

The Shareholders at the Annual General Meeting held on 8th March 2003, delegated the to issue of bonds, promissory notes and other fixed-income securities, either simple, exchangeable and/or convertible to shares in the Company, up to a maximum amount

equal to the paid-up share capital figure plus the reserves recorded in the last approved balance sheet and the balance sheet regularisation and revaluation accounts accepted by the Ministry of Economy and the Treasury, provided for in section 1 of article 282 of the Spanish Law on Public Limited Companies, to the Board of Directors for a period of five years. At 31st March 2007, no use of this authorisation had been made.

Share Capital:

At 31st March 2007, the share capital of Yell Publicidad, S.A. is formed by 361,022,184 shares represented by account entries, fully subscribed and paid up with a face value of 0.05 euros per share.

On 24th January 2007, the Shareholders at the Annual General Meeting approved the request to exclude its shares from being negotiated on Spanish stock exchanges.

On the same date, the company Midorina, S.L. (Sole Proprietorship) submitted a request to the CNMV [Spanish Securities Commission] for the authorisation of a takeover bid of shares of Yell Publicidad, S.A. that it did not own, in other words of 20,774,782 shares representing 5.75% of the share capital at a price of 8.50 euros per share. The abovementioned request was approved by the CNMV on 22nd February 2007. The period for acceptance of the bid runs from 26th February 2007 to 26th March 2007, both inclusive.

Later, on 26th March 2007, the CNMV suspended, as a precautionary measure, the negotiation in the Stock Exchange Interconnection System, with effect from 27th March 2007, of shares or other securities that give rights to the subscription or acquisition of Yell Publicidad, S.A. This suspension was maintained until the Councils of the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia proceeded, on 4th April 2007, to delist the Company's securities.

On 28th March 2007, the CNMV announced the result of the takeover bid by Midorina, S.L. (Sole Proprietorship) of Yell Publicidad, S.A., stating that it was accepted for a number of 16,136,315 shares. Consequently, at 31st March 2007, Midorina, S.L. (Sole Proprietorship) owns 356,383,717 shares representing 98.715% of the company's capital.

Share premium:

The share premium corresponds to the issue in the financial year 2000 of 414,831 shares (1,244,493 shares after the split on 19th June 2000) with a share premium of 7,460,044.15 euros (17,983 euros per share before the split).

The Revised Text of the Spanish Law on Public Limited Companies specifically allows the use of share premium to increase the capital and does not establish any restrictions whatsoever as to the availability of that balance.

Legal Reserve:

Pursuant to the Revised Text of the Spanish Law on Public Limited Companies, a figure equal to 10% of the profit in the financial year must be allocated to the legal reserve, until it reaches at least 20% of the share capital. The legal reserve may be used to increase the capital by the part of the balance that exceeds 10% of the capital already increased. Except for the purpose stated above, and while it does not

exceed 20% of the share capital, this reserve may only be assigned to compensate losses as long as there are no other sufficient reserves available for that purpose.

NOTE 11 – DEFERRED INCOME

The breakdown of the balances at 31st March 2007 and the transactions in the five-month period ended on 31st March 2007 are as follows:

Ingresos a distribuir en varios ejercicios	Saldo a		Saldo a
	31-10-06	Bajas	31-03-07
Diferencias positivas de cambio	7.882	1.427	6.455
Total	7.882	1.427	6.455

The deferred income amount for the five-month period ended on 31st March 2007 corresponds to exchange gains due to the valuation in euros at year end, of existing loans in Chilean pesos at 31st March 2007, granted by Telefónica, S.A. and which, on 1st August 2006, were assigned to Midorina, S.L. (Sole Proprietorship), as well as the valuation in euros, at year end, of the debt in US dollars with Midorina, S.L. (Sole Proprietorship) for the purchase of Yell Argentina, S.A., a debt that was granted by Telefónica de Argentina, S.A. and also assigned to Midorina, S.L. (Sole Proprietorship) on 1st August 2006 (see note 13).

NOTE 12 - PROVISIONS FOR LIABILITIES AND CHARGES

The breakdown of the balances at 31st March 2007 and the transactions in the five-month period ended on 31st March 2007 are as follows:

	Saldo a				Saldo a
	31-10-06	Dotaciones	Aplicaciones	Cancelaciones	31-03-07
Provisión para riesgos	3.455	0	364	2.197 (1)	894
Provisión patrimonio neto negativo Filiales	499	279	0	0	778
Provisión para premios de antigüedad del personal	1.262	95	43	0	1.314
Provisión fondo social	53	0	0	0	53
Total	5.269	374	407	2.197	3.039

(1) Véase nota 16e

Provision for liabilities

The provisions for liabilities includes, as stated in Note 4f, the amounts estimated by the Company to deal with probable or certain liabilities arising from ongoing litigation and indemnity payments or obligations pending, of an undetermined amount, bank guarantees and other similar guarantees.

Provision for the negative net worth of Subsidiaries

The provision for the negative net worth of subsidiaries is comprised of the provisions of that nature made by the Company with regard to its subsidiaries, according to the percentage of its shareholding.

Provision for personnel seniority bonuses

The Collective Agreement signed by Yell Publicidad, S.A., with its workers in 1991, establishes a seniority bonus every 10 years after having served the Company for 20 years. A provision of 1,314 thousand euros has been established to cover the right accrued by the workers up to 31st March 2007.

This provision has been calculated by applying the following actuarial parameters to the commitments acquired with the workers:

- Technical interest: 4%.
- Salary growth: 2% annual
- Mortality tables: PERMF-2000P
- Disability table: Ministerial Order 1977

Moreover, the commitment calculated for each workers' collective has been corrected by its historic turnover rate.

NOTE 13 – FINANCIAL DEBTS

Bank loans and overdrafts

The details of the balances at 31st March 2007 of short-term and long-term financial debts recorded under the heading “bank loans and overdrafts” are as follows;

	2007
Préstamos y créditos a corto plazo	1.622
Préstamos y créditos a largo plazo	0
Total deuda con entidades de crédito	1.622

All the bank debts are denominated in euros and are at variable rates. The variable rates have been set by the addition of a market differential to the reference rate (Euribor).

Financial debts to group companies

The details of the balances at 31st March 2007 of short-term and long-term financial debts recorded under the heading “Debts with companies in the group and associates” are as follows:

	2007		
	Corto plazo	Largo plazo	Total
Principal EURO	32.424	171	32.595
Principal CLP	75	30.833	30.908
Principal USD	0	53.184	53.184
Total	32.499	84.188	116.687

The short-term amount recorded in euros includes the current accounts maintained with companies in the Yell Publicidad group (see note 16) for an amount of 32,413 thousand euros.

The long-term amount recorded as the main one in Chilean pesos in the financial year 2007 is for the loans granted by Telefónica S.A. and transferred on 1st August 2006 to Midorina, S.L. (Sole Proprietorship), to finance the acquisition of the company Impresora y Comercial Publiciguías, S.A.

At 31st March 2007, the Company's financial debts with group companies were remunerated at a fixed interest rate. The average interest rate recorded in the financing with Group companies in the five-month period ended at 31st March 2007 is 3.90%.

The long-term amount recorded in US dollars is for the debt (principal plus interest) granted by Telefónica de Argentina, S.A. and transferred to Midorina, S.L. (Sole Proprietorship) on 1st August 2006 to acquire Yell Argentina, S.A. At maturity, the Company will pay the principal plus interest accrued up to the date of payment, at an annual rate of 5.035% (see note 8).

The interest accrued from previous debt with a maturity of less than twelve months, is recorded on 31st March 2007 under short-term debts with debt principals in each one of the different currencies.

Maturity of the loans and financial debts on 31st March 2007 is as follows:

	2007		
	Deudas Bancarias	Deudas Emp. Grupo	Total
	2008*	1.622	32.499
2009*	0	84.017	84.017
2010 y posteriores	0	171	171
Total	1.622	116.687	118.309

(*) Los ejercicios 2008, 2009 y 2010 finalizan el 31 de marzo de 2008, el 31 de marzo de 2009 y el 31 de marzo de 2010, respectivamente.

At 31st March 2007, the Company has undisposed lines of credit amounting to 61,404 thousand euros.

NOTE 14 - OTHER NON-COMMERCIAL DEBTS

The breakdown of the balances at 31st March 2007 is as follows:

	2007
Remuneraciones pendientes de pago	17.890
Otras deudas	1.792
Total otras deudas no comerciales	19.682

NOTE 15 - TAX SITUATION

The years subject to inspection for the main taxes at Yell Publicidad, S.A. are as follows:

- Corporation tax: 2002, 2003, 2004, 2005, 2006 and 2007.
- Local taxes: 2003 to 2007.
- Value Added Tax (VAT): 2003, 2004, 2005, 2006 and 2007.
- Property transfer tax: four years from the time the transfer is made.
- Withholdings of personal income tax (IRPF): 2003, 2004, 2005, 2006 and 2007.

On 31st October 2006 the formation of a new tax group, whose holding company is Yell H3 Limited, branch in Spain, with number 34/07, was presented to the Spanish Tax Authorities. The creation of the new tax group led to the end of the previous one, with number 301/04, which was headed by Yell Publicidad, S.A. As a result of the above, the credit and debit balances, as applicable, for corporation tax were recorded from 1st November 2006 as balances with that holding company, as part of credit and debit balances with group companies in the attached balance sheet.

The Tax Inspection in 1983 led to certification for Telefónica Publicidad e Información, S.A. (then Compañía Publicitaria de Exclusivas Telefónicas, S.A. and currently Yell Publicidad, S.A.) of a sum converted to 1,776 thousand euros, for non-impact of the General Tax on Company Trade of the then Compañía Telefónica Nacional de España (currently Telefónica de España, S.A.U.), up to 31st December 1982. This was appealed before the Economic and Administrative Court of Madrid. In 1987, the Administration annulled the assessment of the first three quarters of 1979, maintaining the rest of the period, so the tax debt was reduced to 1,370 thousand euros, against which an appeal was filed, first before the Economic and Administrative Court of Madrid, then before the Central Economic and Administrative Court, which was rejected in both cases. A judicial review was filed against the latter before the National High Court, which was also rejected on 30th January 1999.

In any case, on 18th February 1985, the former Compañía Telefónica Nacional de España made a written commitment to any debt arising from the aforementioned situations. Consequently, Yell Publicidad, S.A. has not recorded any provision whatsoever for this item.

The Company Directors do not consider that, due to the actions, if appropriate, of an eventual inspection of the years open to inspection, it will become necessary to record significant liabilities in the attached financial statements.

Reconciliation between the accounting profit (loss) and the calculation of the tax expense

The reconciliation between the accounting profit (loss) and the tax profit (loss) is determined by the inclusion of all the adjustments that affect the gross tax base due to permanent and temporary differences:

	2007
RESULTADO CONTABLE ANTES DE IMPUESTOS	18.942
DIFERENCIAS PERMANENTES:	(5.829)
Aumentos	1.724
Disminuciones	(7.553)
RESULTADO CONTABLE AJUSTADO	13.113
DIFERENCIAS TEMPORALES:	(5.741)
Aumentos	27.231
Disminuciones	(32.972)
BASE IMPONIBLE	7.372

The main permanent differences, in the case of increases, are due to the adjustment of the portfolio provision for group companies integrated in the 34/07 tax group, and which are now eliminated in the individual return. Their amount came to 1,724 thousand euros.

In the case of the decreases, the adjustments come from the cancellation of the adjustment for writing off the losses of Telefónica Publicidade e Informaçao Ltda. for an amount of 7,553 thousand euros, and their transfer to temporary differences.

The main temporary differences come from increases, mainly the reversal of the deferred tax generated by the acquisition of Yell Argentina, S.A. in application of article 23 of the Revised Text of the Spanish Law on Public Limited Companies for an amount of 7,512

thousand euros. Another relevant increase is formed by the reversal of the goodwill generated by the Brazil increase for an amount of 5,206 thousand euros. The transfer to temporary differences of the Brazil write-offs is the third relevant increase for an amount of 7,553 thousand euros, and lastly, the writing off of the intangible fixed assets and their prepaid expenses for an amount of 4,496 thousand euros.

The main temporary differences come from decreases, mainly, in the cancellation of the write-offs of Brazil losses, for an amount of 24,497 thousand euros. Other important reductions in the gross tax base are the additions of financial goodwill due to acquisitions and investments in foreign companies, whose amount came to 2,401 thousand euros, and the cancellation due to reversal of the provision for writing off of intangible fixed assets, for an amount of 2,483 thousand euros, and of the cancellation of liabilities and expenses for an amount of 2,197 thousand euros.

The profits tax expense is determined by applying the general tax rate in force in Spain to pre-tax profit.

	2007
Resultado contable antes de impuestos	18.942
Diferencias permanentes	(5.829)
Resultado contable ajustado	13.113
Impuesto bruto	4.590
Deducciones y bonificaciones	(1.283)
Gasto devengado ejercicio por impuesto de sociedades en España	3.307
Gasto devengado ejercicio por impuestos extranjeros	958
Otros	(1.030)
Gasto por impuesto sobre beneficios	3.235

The heading "Expense accrued in the financial year due to foreign taxes" includes the withholdings for the interest of the loan paid by Telefónica Publicidade e Informação Ltda., to capitalise it.

Credits and rebates include the credit for the double international taxation of foreign taxes for the loan with Brazil for an amount of 1,071 thousand euros, deductions for investment in certain research and development and technological innovation projects for an amount of 175 thousand euros, as well as the deduction due to formation expenses for an amount of 37 thousand euros.

Assets and liabilities due to deferred taxes

Assets and liabilities due to deferred taxes come mainly from temporary differences due to the different criterion of accounting and tax imputation of income and expenditure.

The amounts in the final resulting balances due to deferred taxes (prepaid taxes) at the end of 31st March 2007 are detailed as follows: provision for bad and doubtful debts 4,863 thousand euros, provision for seniority bonuses 396 thousand euros, portfolio provision 320 thousand euros, provision for contingent liabilities 1,496 thousand euros and provision for depreciation of fixed assets 1,111 thousand euros.

The amounts in the final resulting balances in liabilities due to deferred taxes (deferred taxes) at the end of 31st March 2007 are detailed as follows: assets under capital lease pending depreciation 2,315 thousand euros, deferral due to reinvestment of disposal of assets 4 thousand euros, deferral due to foreign investments 4,695 thousand euros, foreign financial goodwill (Chile, Argentina and Peru) 4,493 thousand euros, accelerated

depreciation law 36/2003 260 thousand euros and additional deferred tax in Chile 4,416 thousand euros.

All the deferred taxes, both in the long-term and in the short-term, are recorded in the attached balance sheet in the heading "Public Administrations".

The transactions and balances, from 1st November 2006 to 31st March 2007 of the assets and liabilities due to deferred taxes, as well as the breakdown of these items, are as follows:

	Saldo 31/10/06	Creación	Reversión	Saldo 31/03/07
Impuestos anticipados	13.057	5.760	10.631	8.186
Impuestos diferidos	20.168	1.045	5.030	16.183

Due to the publication of law 35/2006 of 25th November 2006, on Personal Income Tax (IRPF) and the partial amendment of the Laws on Corporation Tax, on the Income of Non-Residents and on Net Worth, the tax rate for Corporation Tax has been modified and it is reduced from 35% at the end of the financial year ended on 31st March 2007 to 32.5% for the tax periods commenced after 1st January 2007 and 30% for those commenced after 1st January 2008.

As a result of the above, the company revalued prepaid and deferred taxes at 31st October 2006 and recorded a profit of 244 thousand euros in the Profit and Loss Account. At the end of the financial year ended on 31st March 2007, the company again revalued the abovementioned deferred and prepaid taxes and recorded a profit of 622 thousand euros, as a result of increasing the prepaid taxes by an amount of 757 thousand euros, due to considering that they are going to be recovered plus prepaid taxes of the estimates at the end of October, and increasing the deferred taxes estimated at the end of October by 135 thousand.

Public Administrations due to diverse concepts

The breakdown of the balance of the short-term "Public Administrations" heading in the balance sheet at 31st March 2007 is as follows:

Administraciones públicas acreedoras y otros a corto plazo	2007
- Retenciones IRPF	2.523
- Hacienda pública acreedora por IS	11.241
- Hacienda pública acreedora por IVA/IGIC/IPSI/IRC	2.251
- Seguridad social	1.290
- Otros conceptos	236
Total	17.541

NOTE 16 – INCOME AND EXPENDITURE

a) Net turnover amount

The Company's net turnover amount at 31st March 2007 is as follows:

Concepto	2007
Ingresos de publicidad	137.436
Ingresos de operadora	6.085
Otros ingresos por ventas	143
Total	143.664

b) Supplies

The details of supplies at 31st March 2007 are as follows:

Concepto	2.007
Compras	8.123
Variación de existencias	(1.777)
Consumos de existencias	6.346
Trabajos realizados por otras empresas	10.944
Otros gastos externos	10.944
Total	17.290

c) Staff costs and number of employees

The average number of employees at 31st March 2007 by professional categories, and the breakdown of staff costs are as follows:

Nº. Empleados por categorías	2007
Directores	36
Jefaturas	224
Administrativos	207
Otros	879
Total	1.346

Concepto	2007
Sueldos, salarios y asimilados	34.220
Cargas sociales	6.650
Total	40.870

In addition, the distribution of the Company's personnel at 31st March 2007 is as follows:

	Hombres	Mujeres	Total
Consejeros	4	1	5
Directores	30	5	35
Jefaturas	169	52	221
Administrativos	40	166	206
Otros	584	306	890
Total	827	530	1.357

d) Change in trade provisions

The details of the change in trade provisions at 31st March 2007 are as follows:

Concepto	2007
Provisiones y pérdidas de créditos incobrables	
-Fallidos	5.777
-Variación de la provisión por insolvencias	(3.177)
Otras provisiones de tráfico	50
Variación de provisiones de tráfico	2.650

e) Extraordinary results
1) Provisions for fixed assets and control portfolio

The change in the provisions for fixed assets and control portfolio corresponds to the change in the provision for tangible and intangible fixed assets for a sum of 2,803 thousand euros and the allocation made for stakes in long-term capital in group and associated companies for a sum of 1,604 thousand euros in the five-month period ended on 31st March 2007 (see note 7).

2) Losses from fixed assets

Losses from fixed assets are due to the sale of the Brazilian subsidiary Telefónica Publicidade e Informação, Ltda. for 10,743 thousand euros, and the retirement of tangible and intangible fixed assets for 4,252 thousand euros. These fixed asset retirements are mainly the assets allocated to the publishing production project that has not been concluded successfully (4,147 thousand euros).

3) Extraordinary costs and income

Extraordinary costs included in the profit and loss account at 31st March 2007 for an amount of 2,915 thousand euros, correspond to the loss for the cancellation of credits to its subsidiary Telefónica Publicidade e Informação, Ltda. for an amount of 2,636 thousand euros, in the sale process of the abovementioned company, as well as the allocation for negative equity of the subsidiary TPI Direct, S.L. (Sole Proprietorship) for 279 thousand euros.

The extraordinary income included in the profit and loss account at 31st March 2007 for an amount of 2,197 thousand euros correspond to the cancellation of the provision for possible contingent liabilities that the Company had allocated.

f) Details of transactions with group companies

The most relevant transactions recorded in the financial year with the companies in the Yell Group at 31st March 2007 were the following:

Ingresos	2007	
	Financieros	Otros Ingresos
Telefónica Publicidade e Informação, Ltda.	367	-
Edinet Europa, S.A.U.	-	1.033
11888 Servicio Consulta Telefónica, S.A.	-	1.797
1288 Servizio Consultazione Telefónica, S.R.L.	-	197
Otros	16	53
Total	383	3.080

Financial income in 2007 includes the interest from the loan granted to Telefónica Publicidade e Informação, Ltda. (cancelled in March 2007 as a result of the sale of this subsidiary) and income generated by the line of credit opened with TPI Direct, S.L. (Sole Proprietorship).

Gastos	2007		
	Otros gastos	Financieros	Aprovisionamientos
Midorina, S.L. (sociedad unipersonal)	-	2.233	-
Edinet Europa, S.A.U.	24	22	3.061
Yell Publicidad Internacional, S.A.U.	-	106	-
TPI Direct, S.L. (sociedad unipersonal)	65	-	6
TPI Edita, S.A.U.	28	304	11
11888 Servicio Consulta Telefónica, S.A.	1.284	291	-
Yell H3 Limited	1.510	11	-
Otros	10	-	-
Total	3.197	2.674	3.067

g) Details of balances with group companies

The most outstanding credit and debit balances with companies in the Yell Group at 31st March 2007 were the following:

Activo	2007		
	Deudores	Créditos c/p	Créd. Tribut. Matriz
Impresora y Comercial Publiguias, S.A.	5.572	-	-
11888 Servicio Consulta Telefónica, S.A.	1.257	-	2.678
Edinet Europa, S.A.U.	1.303	-	-
TPI Direct, S.L. (sociedad unipersonal)	503	1.842	-
Yell Perú, S.A.	1.382	-	-
Otros	238	-	-
Total	10.255	1.842	2.678

The amount corresponding to short-term credits with group companies in 2007 includes the current account opened with TPI Direct, S.L. (Sole Proprietorship), a credit that is remunerated at a market interest rate.

Pasivo	2007			
	Acreeedores	Deudas l/p	Deudas c/p	Deud. Tribut. Matriz
Midorina, S.L. (sociedad unipersonal)	-	84.017	75	-
Edinet Europa, S.A.U.	2.502	-	2.334	-
Yell Publicidad Internacional, S.A.U.	-	-	6.580	4
TPI Edita, S.A.U.	99	-	2.267	327
TPI Direct, S.L. (sociedad unipersonal)	94	-	-	387
Yell Perú, S.A.	685	-	-	-
11888 Servicio Consulta Telefónica, S.A.	1.225	-	21.232	-
Yell H3 Limited	1.510	171	11	-
Yell H3 Limited, sucursal en España	-	-	-	1.291
Otros	30	-	-	-
Total	6.145	84.188	32.499	2.009

NOTE 17 - OTHER INFORMATION
a) Remunerations and considerations for the Board of Directors

Directors' remuneration is regulated in article 20 of the Articles of Association, which states that the amount of the remunerations to be paid by the Company to its Directors is set by the Shareholders at the General Meeting. In that regard, the Shareholders at the General Meeting, held on 24th January 2007, agreed that the Directors would not receive any remuneration whatsoever derived from being a member of the Board or from attending the Board's Committees.

The Directors who form the Company's Board of Directors on the date these annual accounts were drawn up have not received any remuneration whatsoever for being a member of the Board or from attending the Board's different Committees.

The total amount of the remuneration received by the Directors of Yell Publicidad, S.A. who performed their duties in the five-month financial year ended on 31st March 2007 was 413,472 euros. Those remunerations are comprised of salaries and variable remuneration of the executive directors,

compensations in kind in favour of the Executive Directors, which include life insurance contributions and unit linked collective life insurance premiums in favour of Executive Directors, as well as the cost recorded by the Company associated with the stock options given to the Company's Executive directors.

b) Stakes, positions and duties and activities performed by directors

According to the terms established in article 127 ter. of the Spanish Law on Public Limited Companies, introduced by Law 26/2003, of 17th July, which amends Law 24/1988, of 28th July, on the Stock Market, and the Revised Text of the Spanish Law on Public Limited Companies, a list is provided below of companies with an identical, similar or complementary type of activity to the one forming the objects of the company Yell Publicidad, S.A. and in whose capital members of the Board of Directors have stakes, as well as the posts they hold in them, if applicable, on the date these Annual Accounts were drawn up:

EJERCICIO 2007

Titular	Sociedad participada	Participación	Actividad	Funciones o cargos ejercidos en la misma
John Condrón	Yell Group plc.	0,256%	Edición y comercialización de Directorios	Chief Executive Officer
John Davis	Yell Group plc.	0,077%	Edición y comercialización de Directorios	Chief Financial Officer
Paul Fry	Yell Group plc.	0,014%	Edición y comercialización de Directorios	Strategy and Business Development Director
Javier Aguilera Arauzo (1)	Telefónica, S.A.	<0,01%	Telecomunicaciones	-

(1) Permanencia como Miembro del Consejo de Administración de Yell Publicidad, S.A. hasta el 6 de noviembre de 2006

Similarly, the following table shows activities performed by members of the Board of Directors, in a self-employed or employed capacity, of an identical, similar or complementary nature to the activity constituting the objects of the company Yell Publicidad, S.A., from 1st November 2006 to the date these Annual Accounts were drawn up:

Titular	Actividad realizada	Tipo de régimen de prestación de la actividad	Sociedad a través de la cual se presta la actividad	Cargos o funciones ejercidos en la Sociedad a través de la cual se presta el servicio
John Condrón	Edición y comercialización de Directorios	Cuenta ajena	Yell Group plc.	Chief Executive Officer
John Davis	Edición y comercialización de Directorios	Cuenta ajena	Yell Group plc.	Chief Financial Officer
Paul Fry	Edición y comercialización de Directorios	Cuenta ajena	Yell Group plc.	Strategy and Business Development Director
Howard Rubenstein	Edición y comercialización de Directorios	Cuenta ajena	Yell Group plc.	Company Secretary
Ana María García Fau (1)	Sociedad de cartera	Cuenta ajena	Midorina, S.L. (sociedad unipersonal)	Consejera
Ana María García Fau (2)	Sociedad de cartera	Cuenta ajena	Yell Publicidad Internacional, S.A.U.	Consejera Presidente
Ana María García Fau (3)	Sociedad de cartera	Cuenta ajena	Directorios Holding, B.V.	Consejera
Ana María García Fau (4)	Sociedad de cartera	Cuenta ajena	Edinet América, S.A.	Consejera
Ana María García Fau (5)	Sociedad de cartera	Cuenta ajena	Publiguías Holding, B.V.	Consejera
Ana María García Fau (6)	Edición y comercialización de Directorios	Cuenta ajena	Impresora Comercial Publiguías, S.A.	Consejera
Ana María García Fau (7)	Edición y comercialización de Directorios	Cuenta ajena	Yell Perú, S.A.C.	Consejera
Ana María García Fau (8)	Edición y comercialización de Directorios	Cuenta ajena	Yell Argentina, S.A.	Consejera
Javier Aguilera Arauzo (9)	Telecomunicaciones	Cuenta ajena	Telefónica Soluciones	Consejero
Javier Aguilera Arauzo (9)	Investigación y desarrollo	Cuenta ajena	Telefónica I+D	Consejero
Javier Aguilera Arauzo (9)	Telecomunicaciones de datos	Cuenta ajena	Telefónica Data España	Consejero
Javier Aguilera Arauzo (9)	Venta de equipos de telecomunicaciones	Cuenta ajena	Telyco	Consejero
Javier Aguilera Arauzo (9)	Telecomunicaciones	Cuenta ajena	Chesky Telecom	Consejero

(1) Cargo ostentado hasta el 24 de enero de 2007

(2) Cargo ostentado hasta el 7 de noviembre de 2006

(3) Cargo ostentado hasta el 1 de mayo de 2007

(4) Cargo ostentado hasta el 2 de abril de 2007

(5) Cargo ostentado hasta el 15 de noviembre de 2006

(6) Cargo ostentado hasta el 10 de noviembre de 2006

(7) Cargo ostentado hasta el 16 de noviembre de 2006

(8) Cargo ostentado hasta el 2 de abril de 2007

(9) Permanencia como Miembro del Consejo de Administración de Yell Publicidad, S.A. hasta el 6 de noviembre de 2006

c) Remuneration of auditors

The remuneration of the present auditor in the five-month period ended on 31st March 2007 came to 174 thousand euros.

	2007
Auditoría de Cuentas	158
Otros servicios de auditoría	16
Total	174

d) Environment

In its global operations, the Company takes into account laws on the protection of the environment ("environmental laws"). The Company considers that it substantially observes these laws and maintains procedures designed to encourage and guarantee their observance.

The Company has adopted appropriate measures in relation to the protection and improvement of the Environment and minimisation, when appropriate, of environmental impact, complying with regulations in force in this regard. In the five-month period ended on 31st March 2007, the Company has not made investments of an environmental nature, nor has it incurred expenses for the protection and improvement of the Environment and, moreover, it has not considered it necessary to record any provision for liabilities and charges of an environmental nature, as there are no contingent liabilities related to the protection and improvement of the environment, nor liabilities of an environmental nature.

e) Other commitments

In the five-month period ended on 31st March 2007, the Company has undertaken certain commitments to its directors, including the Deputy Chairperson and the Chief Executive Officer, outsourced through collective unit linked life insurance. Those commitments will be materialised if certain contingent liabilities of retirement, disability or death arise.

Due to these commitments, the Company makes annual insurance premium payments which, in the five-month period ended on 31st March 2007, came to 34 thousand euros.

f) Bank and other guarantees

At 31st March 2007, the Company was guaranteed by different institutions, which are listed below:

Avalista	Beneficiario	2007	Concepto
Banco Urquijo	Trib. Económ. Admón. Madrid	3.660	(1)
Otras entidades	Varios	98	(2)
Total		3.758	

(1) Recurso Acta IGTE (Impuesto General sobre el Tráfico de Empresas) mencionado en Nota 15

(2) Avales diversos de menor importancia.

At 31st March 2007, the Company had not provided any guarantees of any kind.

At 31st March 2007, Yell Publicidad, S.A., had contingent liabilities of a diverse nature. These cases are at different procedural stages, most of which include findings in favour of Yell Publicidad, S.A., in one or two instances. The liabilities derived from the commitments indicated have been evaluated in preparation of the financial statements at 31st March 2007, and the provisions applied to these are described in note 12.

g) Action plans for workers**g.1) Capital accumulation plan**

Yell Group Plc, the Company's majority shareholder, has established a "Capital Accumulation Plan", by which it has granted certain employees of Yell Publicidad, S.A. the right to receive shares from Yell Group Plc in the future. The right is not consolidated until after three years have elapsed from the date of the concession. The rights given to the workers will be subject to certain conditions of staying in the Company and they will be met, mainly, by the purchase of shares existing in the market and, failing that, by giving new shares.

g.2) Stock option delivery plan

Yell Group Plc has established a "Stock option delivery plan" for the executive personnel of Yell Publicidad, S.A. The stock options plan consists of the concession to each beneficiary of a number of call options of Yell Group Plc shares. The price of the options granted will not be less than the market value of the share on the date the options are granted. In the majority of the cases, a performance objective must be met before the option can be used. The options can only be used after the third year starting from the initial date they are granted. The use of the option will be cancelled ten years after the time it was granted.

The amount accrued in the financial year ended on 31st March 2007 in connection with both deferred remuneration plans came to 171 thousand euros.

NOTE 18 – SUBSEQUENT EVENTS

On 7th November 2006, the company 11888 Servicio Consulta Telefónica, S.A. signed an agreement to sell 100% of the shares of the company "1288 Servizio di Consultazione Telefónica, S.R.L." The transaction was subject to approval by the Italian Ministry of Communications and the AGCOM. Later, on 4th April 2007 the Entities that regulate competition in Italy refused to approve the sales transaction. On the date of drawing up these annual accounts, certain offers to proceed with selling the subsidiary were being studied.

On 12th April 2007, the Company acquired 100% of the share capital of Publicom, S.A. from Telecom Argentina, S.A. and Nortel Inversora, S.A. for the amount of 60,800 thousand US dollars.

On 31st May 2007, the Company sold 650 shares of Publicom, S.A. to the value of 3,040 thousand US dollars. This sale was 5% of this company's shares.

On 15th June 2007, the Company sold 100% of the shares of TPI Edita S.A.U. for the amount of 1,700 thousand euros.

On 26th June 2007, the Board of Directors of Yell Publicidad, S.A. proposed to the Shareholders at the General Meeting a decrease in capital to the value of 231,923.35 euros, by means of the depreciation of 4,638,467 shares that do not belong to the

majority shareholder, Midorina, S.L. (Sole Proprietorship). The amount that will be paid to the shareholders for each one of the depreciated shares comes to 8.50 euros per share.

From the end of the financial year, 31st March 2007, to the date of preparing the financial statements, there has not been any other subsequent relevant fact worth mentioning.

NOTE 19 – SOURCE AND APPLICATION OF FUNDS

APLICACIONES	2007	2006
Adquisiciones de inmovilizado		
- Inmovilizaciones inmateriales	4.233	7.044
- Inmovilizaciones materiales	3.707	891
- Inmovilizaciones financieras		
. Empresas del grupo y asociadas	1.762	495
. Otras inversiones financieras	84	237
Impuestos diferidos a largo plazo	5.030	7.081
Dividendos	0	144.409
Gastos a distribuir en varios ejercicios	0	4.743
Traspaso de activo circulante a inversiones financieras	17.789	92.637
Provisiones para riesgos y gastos	407	1.606
Total aplicaciones	33.012	259.143

ORÍGENES	2007	2006
Recursos procedentes de las operaciones	32.109	86.342
Impuestos diferidos a largo plazo	0	4.743
Impuestos anticipados a largo plazo	10.631	3.572
Deudas a largo plazo	171	41.980
Enajenación del inmovilizado		
- Venta Inmovilización financiera	6.358	1.175
- Inmovilizaciones financieras	111	469
Traspaso a corto plazo de inmovilizaciones financieras	870	0
Total orígenes	50.250	138.281
- Aumento / (disminución) de capital circulante	17.238	(120.862)

VARIATION IN WORKING CAPITAL

	2007		2006	
	Aumentos	Disminuciones	Aumentos	Disminuciones
Existencias	19.190		10.760	
Deudores	3.571		21.881	
Inversiones financieras temporales		14.416		29.190
Tesorería		289	406	
Ajustes por periodificación		42.527		58.616
Acreedores	51.709			66.103
Total	74.470	57.232	33.047	153.909
Variación neta del capital circulante	17.238			120.862

REVENUES FROM TRADING ACTIVITIES

The reconciliation of the profit (loss) for the five-month period ended on 31st March 2007 and for the ten-month period ended on 31st October 2006, with the revenues from trading activities in the financial year is as follows:

	2007	2006
Beneficio del ejercicio	15.707	69.717
MAS:		
Dotación amortiz. inmov. inmaterial	6.534	9.535
Dotación amortiz. inmov. material	1.659	3.011
Dotación provisión inmovilizado material e inmaterial	3.332	1.761
Dotación provisión depreciación inv. financieras	1.604	4.593
Gastos por intereses diferidos	1.490	2.619
Impuestos diferidos a largo plazo	1.045	6.353
Dotación provisión para riesgos y gastos	374	913
Pérdida/(beneficio) enajenación inmovilizado	14.995	25
MENOS:		
Impuestos anticipados a largo plazo	5.760	6.638
Excesos provisión riesgos y gastos	2.197	0
Excesos provisión inmovilizado inmaterial	529	0
Diferencias de cambio	6.145	5.547
Recursos procedentes de las operaciones	32.109	86.342

YELL PUBLICIDAD, S.A.**DIRECTORS' REPORT AT 31st MARCH 2007****Initial summary**

On 26th July 2006, the company Telefónica, S.A. sold the stake it had of 59.90% of the share capital of Telefónica Publicidad e Información, S.A. to the company Midorina, S.L. (Sole Proprietorship). The takeover bid of shares of Telefónica Publicidad e Información, S.A. was accepted by 94.25% of the Company's shareholders.

Later, the Shareholders at the Annual General Meeting of Telefónica Publicidad e Información, S.A., held on 24th January 2007, approved the change of the company name to Yell Publicidad, S.A., by a sufficient majority.

On 28th March 2007, the takeover bid made by Midorina S.L., of 5.75% of the remaining capital of Yell Publicidad was accepted by 77.67% of the shares this bid was aimed at. As a result, Midorina, S.L. has owned 98.72% of the share capital of Yell Publicidad, S.A., since then. On 4th April 2007, the delisting process of the company's shares came to an end.

After these transactions, Yell Publicidad and its subsidiaries have held an important position in the Yell Group, a world benchmark in the directories sector, which confirms the Company's successful management, which was attractive due to both its generation of revenues and its solvency.

This fact, which is important from a corporate point of view, has not involved changes in the trend of good results shown by the company, nor any imbalances of any kind in its corrected net worth position.

It should be noted that the figures contained in the financial statements for the financial years 2006 and 2007 are not comparable with each other, as the financial year 2007 only has five months of activity compared with ten months in the financial year ended on 31st October 2006.

In the financial year that is now closing, corresponding to the period between 1st November 2006 and 31st March 2007, Yell Publicidad has a net business turnover figure of 143,664 thousand euros. Worth highlighting is the relative importance of products in a paper medium and the good progress shown by Internet revenues.

Yell Publicidad, S.A. obtained an EBITDA of 42,268 thousand euros at 31st March 2007, which is an EBITDA margin of 29.4% of the net turnover figure. The net profit for the period came to 15,707 thousand euros.

The paper medium continues to be the main source of income for Yell Publicidad, S.A., reaching almost 80% of the net business turnover amount in this financial year. As a result, in Spain, the 61 Yellow Pages and 22 White Pages published have exceeded the aggregate revenues of the previous year. Furthermore, other directories, such as the "Nan de la Construcción", have consolidated the Company's publishing business income in Spain.

With regard to the South American subsidiaries, in Yell Argentina S.A. (Argentina subsidiary) a total of 16 Yellow Pages and White Pages have been published with an

organic growth of 22.2% compared with the previous year. In Yell Perú nine Yellow Pages and White Pages have been published with growth of 5.14% compared with the previous year. In Impresora y Comercial Publiguías, S.A. (subsidiary in Chile) nine Yellow Pages and White Pages have been published.

Advertising revenues in the Internet and telephone media are entered into the books in the same period the advert that generated them is in force. The total in Yell Publicidad, S.A. for the period considered was 22 million euros. The majority of this amount corresponds to the Internet, which is 90% of the total.

The positive progress of Internet revenues has gone hand in hand with an important growth in the traffic managed in the network of sites, which received 57.1 million visits from 1st November 2006 to 31st March 2007, 19.5% more than in the same period in the previous financial year, according to data audited by the Oficina de Justificación de la Difusión (an audit bureau of circulation).

The telephone business in Spain has also performed well in the period analysed. The company 11888 SCT obtained revenues from telephone traffic of around 26 million euros, receiving over 15.5 million calls, which is an increase in the number of calls in a shrinking market.

Yell Publicidad and its subsidiaries, therefore, have continued to demonstrate efficient management of their products in a paper medium in the financial year, as well as a commitment to supporting new means of growth, where the importance of the Internet medium stands out.

Economic performance

The Company has obtained gains of 15,707 thousand euros.

The most significant facts recorded in the profit and loss account are as follows:

- An operating profit of 34,075 thousand euros, which represents a percentage of 23.7% on the Company's net turnover figure.
- Financial profit of 4,987 thousand euros, in spite of the impact of debt expenses during the period, associated with the acquisition of the South American subsidiaries, influenced by financing of the purchase of Yell Argentina, S.A. at the end of the financial year 2005.
- Extraordinary losses of 20,120 thousand euros, the most significant amount corresponding to fixed asset losses due to the sale of the Brazilian subsidiary Telefónica Publicidade e Informação, Ltda. (10,743 thousand euros), as well as the change in the control portfolio provisions of subsidiary companies that form part of the group (4,407 thousand euros).

Investment activity

On 30th March 2007, the Brazilian company Publicidade e Informação, Ltda. increased its capital by 17,789 thousand euros by the capitalisation of the loan that Yell Publicidad, S.A. had granted its subsidiary. Similarly, on 30th March 2007, Yell Publicidad, S.A. sold 100% of the capital of the abovementioned Brazilian subsidiary for an amount of 8,500

thousand US dollars to Publicar, S.A., which means the company has left the Brazilian market.

In addition, on 29th March 2007, Yell Publicidad, S.A. acquired 100% of Edinet Europa, S.A. for an amount of 1,762 thousand euros.

Furthermore, on 28th February 2007, the dissolution of the company TPI Direct, S.L. (Sole Proprietorship) was approved. At 31st March 2007, the transfer of all its assets and liabilities to its holding company was pending.

Finally, on 7th November 2006, the company 11888 Servicio Consulta Telefónica, S.A. signed an agreement to sell 100% of the shares of the company "1288 Servizio di Consultazione Telefónica, S.R.L." Nevertheless, on 4th April 2007 the Entities that regulate competition in Italy refused to approve the sales transaction. As of today's date, other offers are being studied.

Financial Instruments

In the five-month period ended on 31st March 2007, the company did not perform any transactions with financial derivatives.

Risks and uncertainties

- Operating risks

A significant part of the Company's revenues come from the sale of advertising to small and medium-sized companies, which usually have limited financial resources and tend to suffer higher rates of failure. It is a normal and necessary practice in the business to offer a delay in the payment to these customers for the services they are provided with. The company lessens the risk of non-payment and that of having long collection periods by means of an individualised analysis of the customers credit is granted to. The diversity and the volume of the company's customers significantly reduce both its customers' negativity and losses due to non-payment.

The company trusts its sales force, which represents 61.5% of its total number of employees, to sell the products and generate a growth in revenues in the markets in which it cooperates. The Company's objective is to decrease and retain highly qualified personnel by means of remuneration, training and development programmes.

The company trusts its providers, with whom it works jointly to implement its products. The company has established long-term relations with its key providers: paper manufacturers, printers, distributors and telesales platforms, on the whole.

Paper is the Company's only important raw material. In the financial year ended on 31st March 2007, its cost represented 5.5% of the revenues from the company's publishing products. The company limits the impact in cost variation of key services by signing long-term contracts with its providers.

Although the Company takes steps to lessen the following risks, it does not consider that they can have a significant impact on its financial statements, either due to their entity or their capacity to reduce potential negative effects:

- Legal suits for libel or breach of privacy.
- Failures in the current or new information systems, which could affect all the Company's data and the daily management of the business.
- Loss of the top management services, which are fundamental for a successful implementation of the company's business strategy in the short- and medium-term.

- Strategic risks

The Company has invested to increase the use of its traditional products, simplifying the product portfolio and starting to focus on sales in the *Win, Maintain and Grow* strategy. In all the markets, the company concentrates on the value of its offer to its advertisers in relation to the value offered by its competitors.

At the moment, the majority of the company's revenues come from the publishing business. Competition is increasing from alternative advertising channels, like the Internet and services via mobiles. The strategy of not cannibalising revenues among the Company's different channels provides an opportunity to increase the customer portfolio, whilst products continue to be developed in all the channels. The company actively monitors changes in technology and user preferences to identify new and improved advertising channels. The Company also invests in improving current services on the Internet and telephone information services.

The Company's acquisition strategy is focused on businesses that can add value to the Group by a combination of synergies and transfer of best practices. As part of the company's growth strategy, it intends to continue to assess possible acquisitions and launch directories in new markets. The Company has considerable experience in integrating new businesses in the Group, which provides confidence in being able to lessen the risks inherent in the acquisitions of new companies and launches.

- Market risks

The Company lessens the interest rate risk associated with the financing of part of its investments in South America by signing loan contracts at a fixed interest rate, pursuant to the periods and country risk of every one of these investments.

Short-term financing requirements are not significant due to the Company's high generation of cash.

The Company's financial statements are stated in euros and variations in euro exchange rates with every one of the currencies in South American countries in which the company is present (Argentina, Chile and Peru) will affect the conversion of the profit (loss) of the businesses in those countries. In addition, fluctuations of South American currencies can affect the value of the net assets in the abovementioned countries. The Company lessens this risk by taking part of the financing to acquire the subsidiaries in South America in the same operational currency, or in a currency highly correlated with them, as those countries.

Environment

In its global operations, the Company takes into account laws on the protection of the environment (“environmental laws”). The Company considers that it substantially observes these laws and maintains procedures designed to encourage and guarantee their observance.

The Company has adopted appropriate measures in relation to the protection and improvement of the Environment and minimisation, when appropriate, of environmental impact, complying with regulations in force in this regard. In the five-month period ended on 31st March 2007, the Company has not made investments of an environmental nature, nor has it incurred expenses for the protection and improvement of the Environment and, moreover, it has not considered it necessary to record any provision for liabilities and charges of an environmental nature, as there are no contingent liabilities related to the protection and improvement of the environment, nor liabilities of an environmental nature.

Personnel

The development in the number of employees in the five-month period ended on 31st March 2007 by professional category was as follows:

Número empleados por categoría	Plantilla al 31-10-06	Adiciones	Bajas	Plantilla al 31-03-07
Directores	43	6	13	36
Jefaturas	227	12	18	221
Administrativos	206	1	1	206
Otros	891	98	99	890
Total empleados	1.367	117	131	1.353

R&D

The Company does not have a specific R&D department in its organisational structure for research and development tasks.

Notwithstanding the above and, according to information requirements established in article 202 of the Revised Text of the Spanish Law on Public Limited Companies, it is stated that the activities of conception, initial design, testing, etc., of its new products and services, as well as the specific innovation initiatives related to these, regardless of when they are recorded and allocated to projects, are clearly R&D activities, which, instead of being performed by personnel in a specific department, are performed by staff assigned to other departments in the Company (commercial, technical, customer care...).

Own Shares

From 1st November 2006 and up to 31st March 2007, there have been no events in this regard in Yell Publicidad, S.A. that need to be reported due to their relevance.

Events after the close

On 7th November 2006, the company 11888 Servicio Consulta Telefónica, S.A. signed an agreement to sell 100% of the shares of the company “1288 Servizio di Consultazione Telefónica, S.R.L.” The transaction was subject to the approval by the Italian Ministry of Communications and the AGCOM. Later, on 4th April 2007 the Entities that regulate

competition in Italy refused to approve the sales transaction. On the date of drawing up these annual accounts, certain offers to proceed with selling the subsidiary were being studied.

On 12th April 2007, the Company acquired 100% of the share capital of Publicom, S.A. from Telecom Argentina, S.A. and Nortel Inversora, S.A. for the amount of 60,800 thousand US dollars.

On 31st May 2007, the Company sold 650 shares of Publicom, S.A. to the value of 3,040 thousand US dollars. This sale was 5% of this company's shares.

On 15th June 2007, the Company sold 100% of the shares of TPI Edita S.A.U. for the amount of 1,700 thousand euros.

On 26th June 2007, the Board of Directors of Yell Publicidad, S.A. proposed to the Shareholders at the General Meeting a decrease in capital to the value of 231,923.35 euros, by means of the depreciation of 4,638,467 shares that do not belong to the majority shareholder, Midorina, S.L. (Sole Proprietorship). The amount that will be paid to the shareholders for each one of the depreciated shares comes to 8.50 euros per share.

From the end of the financial year, 31st March 2007, to the date of preparing the financial statements, there has not been any other subsequent relevant fact worth mentioning.