

GRUPO RADIO CENTRO SAB DE CV  
Form 20-F  
April 27, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

for the fiscal year ended December 31, 2011  
Commission File Number: **1-12090**

Grupo Radio Centro, S.A.B. de C.V.

(Exact name of Registrant as specified in its charter)

Radio Center Group  
(Translation of Registrant's name into English)

**United Mexican States**

(Jurisdiction of incorporation or organization)

**Constituyentes 1154 (7° Piso)**

**Col. Lomas Altas**

**C.P. 11950, México, D.F., México**

(Address of principal executive offices)

Alfredo Azpeitia Mera

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(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered
Series A Shares, without par value ("Series A Shares")	New York Stock Exchange*
Ordinary Participation Certificates ("CPOs"), each CPO representing one Series A Share	New York Stock Exchange*
American Depositary Shares ("ADSs"), each representing nine CPOs	New York Stock Exchange

\*Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **162,724,561 Series A Shares**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
“ **Yes**  **No** ”

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. “ **Yes**  **No**  ”

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.  **Yes** “ **No** ”

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **N/A**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one): **Large accelerated filer** “ **Accelerated filer**  **Non-accelerated filer** ”

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

**U.S. GAAP** “ **International Financial Reporting Standards**  **Other** ”

Indicate by check mark which financial statement item the registrant has elected to follow: “ **Item 17**  **Item 18** ”

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). “ **Yes**  **No**  ”

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## INTRODUCTION

Grupo Radio Centro, S.A.B. de C.V. is a corporation organized under the laws of the United Mexican States. As used in this Annual Report and except as the context otherwise requires, the terms “Grupo Radio Centro” and the “Company” refer to Grupo Radio Centro, S.A.B. de C.V. and its subsidiaries.

## PRESENTATION OF FINANCIAL INFORMATION

We adopted International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) for the year ended December 31, 2011. Our date of transition to IFRS was January 1, 2010. Accordingly, the consolidated annual financial statements as of and for the year ended December 31, 2011, included in this Annual Report are our first financial statements prepared in accordance with IFRS, and represent the integral, explicit and unreserved adoption of IFRS. IFRS 1, “First-time Adoption of International Financial Reporting Standards” has been applied in preparing these consolidated financial statements, which generally requires the retrospective application of all IFRS and the related improvements and interpretations. Therefore, our consolidated financial statements as of and for the year ended December 31, 2010 presented in this annual report, which were previously presented in accordance with Mexican Financial Reporting Standards (“MFRS”), have also been prepared under IFRS for comparative purposes. Note 28 to our audited consolidated financial statements contains information regarding the effects of adoption of IFRS on our consolidated financial information, including the required reconciliations of consolidated stockholders’ equity as of January 1 and December 31, 2010 and of total comprehensive income for the year ended December 31, 2010.

The Company publishes its financial statements in Mexican pesos. This Annual Report contains translations of certain peso amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from pesos at an exchange rate of Ps. 13.9787 to U.S.\$ 1.00, the exchange rate for pesos on December 31, 2011, as published by the Central Bank of Mexico. On April 16, 2012, the exchange rate for pesos was Ps. 13.0736 to U.S.\$ 1.00. See Item 3, “Key Information—Exchange Rate Information,” for information regarding exchange rates since January 1, 2007.

In this Annual Report, references to “pesos” or “Ps.” are to the lawful currency of Mexico. References herein to “U.S. dollars” or “U.S.\$” are to United States dollars.

## FORWARD-LOOKING STATEMENTS

This Annual Report contains words such as “believe,” “expect,” “anticipate” and similar expressions that identify forward-looking statements that reflect the Company’s views about future events and financial performance. Actual results could differ materially from those projected in such forward-looking statements as a result of various factors that may be beyond the Company’s control. These factors, some of which are discussed in Item 3, “Key Information—Risk Factors,” include projections of revenues, profit for the year, total comprehensive income, earnings per share, capital expenditures, indebtedness levels, dividends, capital structure or other financial items or ratios; statements about our future financial performance or the economic performance of Mexico or other countries; effects from competition with our broadcasting operations; material changes in the performance or popularity of key radio stations or broadcast programs; the loss of one or more key customers or a reduction in the advertising expenditures of key customers; a change in the seasonality of our business; the ability to make additional investments in radio operations or renew our broadcasting licenses; significant developments in the Mexican economic or political situation; changes in the regulatory environment in which we operate or fluctuations in inflation rates or exchange rates. Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

## PART I

### Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

## Item 2. Offer Statistics and Expected Timetable

Not applicable.

## Item 3. Key Information

## SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information of the Company and its subsidiaries for each of the periods indicated. This information, to the extent applicable, should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements as of December 31, 2011 and 2010 and for the years then ended (the “Consolidated Financial Statements”), including the notes thereto, included elsewhere in this Annual Report. The selected financial information for 2010 differs from the information we previously published for 2010, because it is presented in accordance with IFRS.

	Year Ended December 31,		
	2011 <sup>(1)</sup>	2011	2010
	(in thousands, except per ADS data)		
<b>Operating Data:</b>			
Broadcasting revenue	U.S.\$70,722	Ps.988,598	Ps.907,925
Broadcasting expenses <sup>(2)</sup>	51,456	719,294	691,434
Depreciation and amortization	1,786	24,967	23,861
Corporate expenses	1,069	14,939	14,939
Other expenses, net	4,298	60,077	57,661
Net finance cost	1,293	18,064	26,116
Profit for the year	12,555	175,507	51,251
Total comprehensive income	12,733	177,992	53,356
Profit for the year attributable to non-controlling interest <sup>(3)</sup>	1	11	8
Basic and diluted earnings per share	0.077	1.078	0.315
Basic and diluted earnings per ADS <sup>(4)</sup>	0.694	9.7074	2.8341
Dividends per ADS <sup>(4)</sup>	0.29	3.6	5.49
Common shares outstanding <sup>(4)</sup>	162,724,561	162,724,561	162,724,561
<b>Balance Sheet Data:</b>			
Working capital <sup>(5)</sup>	U.S.\$17,747	Ps.248,068	Ps.184,340
Property and equipment, net	32,655	456,475	438,717
Goodwill	59,295	828,863	828,863
Total assets	127,116	1,776,922	1,771,589

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Long-term debt <sup>(6)</sup>	3,578	50,000	90,000
Total liabilities	26,354	368,389	476,048
Common stock <sup>(7)</sup>	75,827	1,059,962	1,059,962
Stockholders' equity	100,762	1,408,533	1,295,541

Peso amounts have been translated into U.S. dollars solely for the convenience of the reader at the rate of Ps.

(1) 13.9787 per U.S. dollar, the exchange rate for pesos on December 31, 2011, as published by the Central Bank of Mexico. See “—Exchange Rate Information.”

(2) Excludes depreciation, amortization and corporate expenses.

(3) Total comprehensive income for the year attributable to non-controlling interest is equal to the amounts included herein, as other comprehensive income is only attributable to controlling interests.

Earnings per ADS are computed based on nine CPOs per ADS, each CPO representing one Series A Share of the Company. Common shares outstanding represents the weighted average number of Series A Shares outstanding.

(4) The Company declares dividends in any given year for the immediately preceding fiscal year. In 2011, the Company paid dividends in the aggregate amount of Ps. 65 million with respect to 2010. In 2010 and 2009, the Company paid dividends in the aggregate amount of Ps. 100 million for each year with respect to 2009 and 2008, respectively. For more information, see “Item 8 —Financial Information—Other Financial Information—Dividend Policy.”

(5) Consists of total current assets minus total current liabilities.

(6) Excludes current portion of long-term debt.

(7) Excludes long-term debt.

## EXCHANGE RATE INFORMATION

Mexico has a free market for foreign exchange, and the Mexican government allows the peso to float freely against the U.S. dollar. There can be no assurance that the Mexican government will maintain its current policies with regard to the peso or that the peso will not appreciate or depreciate significantly in the future.



The following table sets forth, for the periods indicated, the high, low, average and period-end exchange rate for the purchase of U.S. dollars, expressed in pesos per U.S. dollar.

Period	Exchange Rate <sup>(1)</sup>			Period End
	High	Low	Average <sup>(2)</sup>	
Year Ended December 31,				
2007	11.269	10.667	10.925	10.917
2008	13.935	9.917	11.212	13.832
2009	15.406	12.632	13.578	13.058
2010	13.194	12.156	12.635	12.383
2011	14.254	11.505	12.427	13.951
Month Ended 2011:				
October 31	13.93	13.10	13.44	13.17
November 30	14.254	13.383	13.695	13.620
December 31	13.993	13.489	13.775	13.951
Month Ended 2012:				
January 31	13.750	12.925	13.383	13.036
February 29	12.951	12.625	12.783	12.794
March 31	12.990	12.628	12.752	12.812

(1) Source: Noon-buying rate for cable transfers in New York reported by the Federal Reserve.

(2) Average of month-end rates for annual figures; average of daily rates for monthly figures.

On April 13, 2012, the exchange rate reported by the Federal Reserve was Ps. 13.1460 to U.S.\$ 1.00.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar equivalent of the peso price of Series A Shares on the Bolsa Mexicana de Valores, S.A. de C.V. (the Mexican Stock Exchange) and the price of American Depositary Shares, or “ADSs”, on the New York Stock Exchange (“NYSE”). The Company pays cash dividends in pesos, and exchange rate fluctuations will affect the U.S. dollar amounts received by holders of ADSs upon conversion by Citibank N.A., as depositary for the ADSs (the “Depositary”), of cash dividends on the Series A Shares underlying the *certificados de participación ordinaria* (ordinary participation certificates, or “CPOs”) represented by the ADSs.

## RISK FACTORS

### Risks Relating to Our Operations

We may be unsuccessful in addressing the challenges and risks presented by our investment in the United States

In April 2009, we began to provide programming to, and sell advertising time on, KXOS-FM, a radio station broadcasting in Los Angeles, California that is owned by Emmis Communications Corporation. Our investment in the United States involves risks to which we have not previously been exposed and presents different or greater risks, including from competition and regulation, than those present in Mexico. Our potential for success should be considered in light of the expenses, complications and delays frequently encountered in connection with a new business. In 2011, our U.S. operations generated a net loss for the year of Ps. 101.4 million. We cannot predict whether or when our operations in the United States will become profitable.

In light of losses in our operations in the United States, we may not have sufficient sources of cash to meet our working capital needs

Although cash flow from operations historically has been sufficient to cover our working capital needs, our investment in April 2009 in a Los Angeles radio station has resulted in increased working capital needs. There can be no assurances that we will be able to meet our working capital needs, or, if we are in non-compliance with our debt covenants, that we will be able to borrow further amounts under the credit facility. Such events would have a material adverse effect on our financial condition and results of operations.

Increased competition or a decline in popularity of any of our radio formats could reduce our audience share and result in a loss of revenue

Radio broadcasting is highly competitive, and programming popularity, an important factor in advertising sales, is readily susceptible to change. There can be no assurance that increased competition within, or a decline in the popularity of, a given format will not decrease our aggregate audience share in the future. In addition, we face strong competition for advertising revenues from both television and various print media. If we are unable to respond to an increase in competition or a decline in the popularity of any of our radio formats, our revenue and profitability could suffer material adverse consequences.

In the past, we have not complied with a financial covenant under our credit facility, and we may be incurring substantial additional indebtedness in the future in connection with the acquisition of the KXOS-FM station assets

We have entered into a credit facility for a secured peso-denominated loan having an outstanding aggregate principal amount of Ps. 80 million as of the date hereof. This amount is guaranteed by several of our subsidiaries and secured by a first priority lien on substantially all of our property, including our corporate headquarters but excluding any equipment used for broadcasting. The credit facility contains covenants requiring us to maintain certain financial ratios and comply with other financial conditions that, among other things, limit our ability to incur additional indebtedness, pledge assets and enter into transactions with affiliates. We were not in compliance with the fixed charges coverage ratio for the first and second quarters of 2010 and obtained waivers from the lender of this non-compliance for each quarter. Since then, we have been in compliance with our financial covenants. If we fail to comply with any covenant under the credit facility in the future, there can be no assurance that we will be able to obtain waivers or that the lender will not accelerate amounts due under the credit facility. If we are unable to repay amounts due under the credit facility, the lender could proceed against the collateral securing our indebtedness. Such events would have a material adverse effect on our business, financial condition and results of operations.

In addition, in the event the acquisition of the KXOS-FM station assets described under “—Material Contracts” below is consummated, we anticipate that we would be required to guarantee the debt financing utilized to acquire these assets. This debt financing would be in an aggregate principal amount of approximately U.S.\$85.5 million and would substantially increase our liabilities. To service this debt, we would rely primarily on cash flows provided by operations. If our cash flows from operations decline in the future, we may have difficulty servicing this debt, which would have a material adverse effect on our business, financial condition and results of operations.

If we lose one or more of our key customers in Mexico, we could lose a significant amount of our revenue

Our two largest individual customers in 2011 were Walmart de México, S.A.B. de C.V. (“Walmart”) and Organización Soriana, S.A.B. de C.V. (“Soriana”). In 2010, our two largest customers were Walmart and Soriana. In 2011, Walmart represented 9.1% and Soriana represented 4.1% of our consolidated broadcasting revenue, excluding revenue from our operations in the United States. In 2010, Walmart represented 10.4% and Soriana represented 3.4% of our consolidated broadcasting revenue, excluding revenue from our operations in the United States. The companies comprising Grupo Carso are also key customers, representing 5.5% of our total broadcasting revenue in 2011 and 5.2% in 2010, excluding revenue from our operations in the United States. We cannot assure you our key customers will continue to purchase advertising from us at current levels or at all. The loss of our relationship with any one of our principal customers could have a material adverse effect on our results of operations.

The seasonal nature of our business affects our revenue

Our business is seasonal. Our revenue from advertising sales, which we recognize when the advertising is aired, is generally highest in the fourth quarter because of the high level of advertising during the holiday season. Accordingly, our results of operations depend disproportionately on revenue recognized in the fourth quarter, and a low level of fourth quarter advertising revenue could have a material adverse effect on our results of operations for the year.

The Mexican Federal Competition Commission may prohibit us from making additional investments in radio operations in Mexico

We, like all Mexican radio licensees, are subject to regulation by several Mexican governmental agencies. As a result of such regulation, radio licenses are subject to review and possible revocation, and licensees are prohibited from transferring or assigning their radio broadcasting licenses without prior governmental approval of both the transfer and its terms. As a result of the increase in our share of the Mexico City radio market following the acquisition of Radiodifusión RED, S.A. in 1996, we are required by the Mexican *Comisión Federal de Competencia* (Federal Competition Commission) to seek its prior approval in connection with any future investments in radio operations in Mexico, including, without limitation, purchases and leases of radio stations, interests in other radio concerns or transmission sites, irrespective of the size of such investments or their related audience share. To the best of our knowledge, other Mexican radio broadcasting companies are not generally subject to this requirement. No assurance can be given that we will be permitted by the Federal Competition Commission to make any particular investment should we desire to do so.

If the Mexican government does not renew our broadcasting licenses, our business could be harmed

To broadcast commercial radio in Mexico, a broadcaster must have a license from the *Secretaría de Comunicaciones y Transportes* (Secretary of Communication and Transportation, or “SCT”). Because the SCT generally grants renewals to licensees that have substantially complied with applicable law, we expect that our future renewal applications will be granted. However, if we were unable to renew these licenses in the future, our business could be significantly harmed.

Adverse global economic conditions and, in particular, the slowdown of the U.S. and Mexican economies, may affect our client base and could have a negative impact on our business and results of operations

Our business is influenced by general economic conditions worldwide and in Mexico. The risks associated with our business become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in advertising. A decline in the level of business activity of our advertisers could have an adverse effect on our revenue and profit margins. In response to negative market conditions, customers may choose to make fewer advertising expenditures, to slow their spending on or cancel our services or to seek contract terms more favorable to them. Adverse economic conditions may also lead to an increase in the number of our customers that are unable to pay for services. If these events were to occur, it could have a material adverse effect on our business and results of operations.

If we are required by the Mexican courts to pay a pending arbitration award, it may have a material adverse effect on our financial condition

We are party to legal proceedings in Mexico relating to an arbitration award granted in 2004 against us in favor of Infored, S.A. de C.V. and Mr. José Gutiérrez Vivó. If we are ultimately unsuccessful in challenging the enforcement of the arbitration award, we will be required to finance all or part of the amount due. Our ability to obtain financing is subject to various factors, including general market conditions, our financial condition and results of operations and the fact that we have pledged substantially all of our assets under outstanding indebtedness. Accordingly, we may not be able to obtain financing in a timely manner, or on acceptable terms, or at all. If we incur additional indebtedness or we are unable to obtain financing when needed, our financial condition may be materially and adversely affected.

#### Risks Relating to Our Principal Shareholders and Capital Structure

Holders of ADSs are not entitled to attend shareholders meetings and have no voting rights

Holders of the CPOs, and therefore holders of the ADSs, have no voting rights with respect to the underlying Series A Shares. Pursuant to the trust agreement under which the CPOs are issued, the trustee for the CPOs will vote the Series A Shares held in the trust in the same manner as the majority of the Series A Shares that are not held in the trust and that are voted at the relevant shareholders meeting. Holders of the CPOs are not entitled to attend or to address our shareholders meetings.

Certain members of the Aguirre family effectively control our management and the decisions of the shareholders, and their interests may differ from those of other shareholders

Certain members of the Aguirre family have the power to elect a majority of our directors and control our management because they own a substantial majority of the outstanding Series A Shares not held in the form of CPOs. These Aguirre family members have established a Mexican trust, which they control, that holds 51.6% of the outstanding Series A Shares as of April 16, 2012.

Our bylaws include provisions that could delay or prevent a takeover and, thus, deprive you of a premium over the market price of the ADSs or otherwise adversely affect the market price of the ADSs

Our bylaws include certain provisions that could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our shareholders. These provisions include restrictions on the acquisition, without the approval of the board of directors, of our shares or other securities representing 30% or more of our capital stock and restrictions on agreements and other arrangements, without the approval of the board of directors, for the exercise of voting rights in respect of shares representing 30% or more of our capital stock. These provisions may deprive you of a premium over the market price of the ADSs or otherwise adversely affect the market price of the ADSs.

Future sales of Series A Shares by the controlling shareholders may affect future market prices of the Series A Shares, CPOs and ADSs

Actions by members of the Aguirre family, directly or through the Mexican trust through which they hold most of their Series A Shares, with respect to the disposition of their Series A Shares, may adversely affect the trading price of the Series A Shares or the CPOs on the Mexican Stock Exchange and the price of the ADSs on the NYSE. There are no contractual restrictions on the rights of members of the Aguirre family to sell ADSs, CPOs or Series A Shares, other than those contained in our loan with Inbursa, S.A. Institución de Banca Múltiple, Grupo Financiero Inbursa, which requires the Aguirre family to maintain 51% of our capital stock.

You may not be able to participate in any future preemptive rights offering and, as a result, your equity interest in the Company may be diluted

Under current Mexican law, if we issue new shares for cash as a part of a capital increase, we generally must grant our shareholders the right to purchase a sufficient number of shares to maintain their existing ownership percentage. Rights to purchase shares in these circumstances are known as preemptive rights. We may not be legally permitted to allow holders of ADSs in the United States to exercise any preemptive rights in any future capital increases unless (i) we file a registration statement with the U.S. Securities and Exchange Commission ("SEC") with respect to that future issuance of shares or (ii) the offering qualifies for an exemption from the registration requirements of the U.S. Securities Act of 1933. At the time of any future capital increase, we will evaluate the costs and potential liabilities associated with filing a registration statement with the SEC, the benefits of preemptive rights to holders of ADSs in the United States and any other factors that we consider important in determining whether to file a registration statement.

We cannot assure you that we will file a registration statement with the SEC to allow holders of ADSs in the United States to participate in a preemptive rights offering. Furthermore, under current Mexican law, sales by the Depositary of preemptive rights and distribution of the proceeds from such sales to ADS holders are not possible. As a result, the equity interest of ADS holders would be diluted proportionately. In addition, preemptive rights will not arise under current Mexican law upon the sale of newly issued shares in a public offering or the resale of shares of capital stock previously repurchased by us.

#### Risks Relating to Mexico

Economic developments in Mexico may adversely affect our business

Our financial condition and results of operations are generally affected by the strength of the Mexican economy, as the demand for advertising, from which we derive revenue constituting the principal source of our earnings, generally declines during periods of economic difficulty.

In 2011, Mexico's gross domestic product, or GDP, grew by 3.9% and inflation was 3.82%. In 2010, Mexico's GDP grew by 5.4% and inflation was 4.4%. In 2012, according to preliminary estimates of the Mexican government, GDP is expected to increase by 3.23% and inflation is expected to be 3.53%. If the Mexican economy contracts or if inflation and interest rates increase significantly, our business, financial condition and results of operations could suffer material adverse consequences.

Economic conditions in Mexico are heavily influenced by the condition of the U.S. economy due to various factors, including commercial trade with the U.S., U.S. investment in Mexico and emigration from Mexico to the United States. Events and conditions affecting the U.S. economy may adversely affect our business, results of operations, prospects and financial condition. In addition, in the past, economic crises in Asia, Russia, Brazil and other emerging markets have adversely affected the Mexican economy and could do so again.

High levels of inflation and high interest rates in Mexico could adversely affect our financial condition and results of operations

Mexico has experienced high levels of inflation and high domestic interest rates in the past. The annual rate of inflation, as measured by changes in the INPC, was 3.82% for 2011. If inflation in Mexico does not remain within the government's projections, we may not be able to raise our broadcast advertising rates to keep pace with inflation. More generally, the adverse effects of high inflation on the Mexican economy may result in lower demand for broadcast



advertising.

Interest rates on 28-day Mexican treasury bills, or Cetes, averaged 4.25% during 2011. During the first quarter of 2012, the average 28-day Cetes rate was 4.27%. High interest rates in Mexico could adversely affect our financing costs, and to the extent that we incur peso-denominated debt in the future, it could be at high interest rates.

Political events in Mexico could affect Mexican economic policy and our operations

Mexican political events may significantly affect our operations and the performance of Mexican securities, including our securities. We cannot assure you that the current political situation or any future political developments, including the presidential and federal congressional elections in Mexico, which will be held in July 2012, will not have a broad adverse effect on growth trends in the Mexican broadcasting industry or in the economy generally, or directly and adversely affect us.

Depreciation of the peso relative to the U.S. dollar could adversely affect our financial condition and results of operations

The value of the peso has been subject to significant fluctuations with respect to the U.S. dollar in the past and may be subject to significant fluctuations in the future. In 2011, the peso depreciated against the U.S. dollar at year-end by 12.7%, although the average value of the peso against the U.S. dollar during 2011 was 1.6% lower than in 2010. In 2010, the peso appreciated against the U.S. dollar at year-end by 5.2%, while the average value of the peso against the U.S. dollar during 2010 was 3.2% higher than in 2009. In 2009, the peso appreciated against the U.S. dollar at year-end by 5.6%, and the average value of the peso against the U.S. dollar during 2009 was 21.1% lower than in 2008. No assurance can be given that the peso will not depreciate in value relative to the U.S. dollar in the future.

Fluctuations in the exchange rate between the peso and the U.S. dollar will affect the U.S. dollar value of an investment in our equity securities and of dividend and other distribution payments on those securities.

In 2011, our operating costs payable in U.S. dollars increased due to our investment in a radio station in Los Angeles, California. These expenses represented 23.5% of our consolidated broadcasting expenses in 2011. We prepaid the first two years of fees (U.S.\$ 14 million) under the related local marketing agreement and, beginning in April 2011, we have been making monthly fee payments of U.S.\$583,333. Although at December 31, 2011, we had no U.S. dollar-denominated indebtedness, we may incur U.S. dollar-denominated indebtedness in the future, particularly in connection with the acquisition of the KXOS-FM station assets. Declines in the value of the peso relative to the U.S. dollar increase our operating costs, increase our interest costs in pesos relative to any U.S. dollar-denominated indebtedness, increase our obligations payable in U.S. dollars, result in foreign exchange losses and could adversely affect our ability to meet our U.S. dollar-denominated obligations. Additionally, since substantially all our revenue is denominated in pesos, increased costs resulting from a decline in the value of the peso relative to the U.S. dollar will not be offset by any exchange-related increase in revenue. Since we fund our operations in the United States with peso-denominated revenue earned in Mexico, the decline of the peso relative to the U.S. dollar could increase our operating costs.

Severe devaluation or depreciation of the peso may also result in disruption of the international foreign exchange markets and may limit our ability to transfer, or to convert pesos into, U.S. dollars and other currencies for the purpose of making timely payments of our operating costs or obligations payable in U.S. dollars.

Developments in other countries may affect the price of the ADSs

As is the case with respect to securities of issuers from other emerging markets, the market value of securities of Mexican companies is, to varying degrees, affected by economic and market conditions in other countries. Although

economic conditions in other countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in other countries may have an adverse effect on the market value of securities of Mexican issuers. In recent years, for example, economic conditions in Mexico have become increasingly correlated to economic conditions in the United States as a result of NAFTA and increased economic activity between the two countries. Adverse economic conditions in the United States and other related events could have a material adverse effect on the Mexican economy. Prices of Mexican securities also dropped substantially as a result of developments in Russia, Asia, Brazil and Argentina in the late 1990s. The Mexican securities markets also have been adversely affected by ongoing developments in the global credit markets. We cannot assure you that events in other emerging market countries, in the United States or elsewhere, will not have a material adverse effect on our business, financial condition or results of operations.

#### Item 4. Information on the Company

##### THE COMPANY

##### Organization

Grupo Radio Centro is a corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico. Grupo Radio Centro is a holding company that operates through its subsidiaries.

Grupo Radio Centro's principal executive offices are located at Constituyentes 1154 (7° Piso), Col. Lomas Altas, C.P. 11950, México, D.F., México. The telephone number of Grupo Radio Centro is (525) 55-728-4800.

## History

Grupo Radio Centro is a family-controlled radio broadcasting company with roots in Mexican radio broadcasting dating back approximately 65 years. Francisco Aguirre J., the founder of Grupo Radio Centro, initiated his radio broadcasting activities in 1946. In 1952, he founded Organización Radio Centro (“ORC”), the sole owner and operator of two radio stations, Radio Centro and Radio Exitos. In 1965, the Company formed Organización Impulsora de Radio (“OIR”), to provide national sales representation to affiliated radio stations outside Mexico City. The Company was incorporated as Técnica de Desarrollo Publicitario, S.A. de C.V. on June 8, 1971, renamed Grupo Radio Centro, S.A. de C.V. on July 14, 1992 and renamed Grupo Radio Centro, S.A.B. de C.V. on July 31, 2006. The bylaws of the Company provide for its indefinite existence.

In 1973, Grupo Radio Centro expanded its broadcasting activities by establishing three new FM radio stations, thus consolidating its position as the market leader in Mexico City radio broadcasting. In 1989, the Aguirre family began a comprehensive process of corporate reorganization designed to consolidate Grupo Radio Centro’s radio operations under the common ownership of the Company and the family’s non-radio-related operations under the common ownership of another company controlled by the Aguirre family outside Grupo Radio Centro. The purpose of the reorganization was to permit Grupo Radio Centro to focus on radio-related operations and to acquire the balance of shares of its radio broadcasting subsidiaries that were owned directly or indirectly by members of the Aguirre family outside Grupo Radio Centro. As a result of the reorganization, the Company acquired substantially all of the shares of its radio broadcasting subsidiaries, with the last transfer of shares occurring in March 1993. In the third quarter of 1993, the Company completed an initial public offering of its ADSs and CPOs, listing these securities on the NYSE and the Mexican Stock Exchange. The Company completed a subsequent public offering of ADSs and CPOs during the third quarter of 1996. On June 30, 2003, all CPOs held by holders that qualified as Mexican investors, pursuant to the Company’s bylaws (see Item 10, “Additional Information—Bylaws and Mexican Law—Limitations Affecting Non-Mexican Holders—Share Ownership”), were exchanged for Series A Shares held in the CPO Trust (see Item 9, “The Offer and Listing”). In connection with the amended CPO trust arrangement, the Series A Shares commenced trading on the Mexican Stock Exchange under the symbol “RCENTRO.A” on June 30, 2003. The Series A Share listing is deemed to include the CPOs, so the Series A Share trading line reflects trading of both Series A Shares and CPOs.

## Capital Expenditures and Divestitures

### Capital Expenditures

Capital expenditures were Ps. 41.7 million in 2011 and Ps. 16.7 million in 2010. In 2011 and 2010, capital expenditures were financed from working capital. In 2011, the Company’s principal capital expenditures were for broadcasting equipment. In 2010, the Company’s principal capital expenditures were for transportation equipment. The increase in 2011 compared to 2010 was primarily due to increased investment in broadcasting equipment and in the construction of a new transmission site with digital transmission systems and state-of-the-art technology for five FM

radio stations. See “Business Overview—Broadcasting Operations—Investment in Technology.”

### Capital Divestitures

The Company had no capital divestitures in 2011 and had Ps. 14.1 million in capital divestitures in 2010. These divestitures in 2010 were principally related to the sale of transportation equipment.

## BUSINESS OVERVIEW

Grupo Radio Centro is a leading radio broadcasting company in Mexico. For more than 40 years, the Company has been the leading radio broadcaster in terms of audience share in Mexico City, the most populous city in North America. Grupo Radio Centro’s principal activities are the production and broadcasting of music, entertainment, news and special event programs. The Company’s revenue is derived primarily from the sale of commercial airtime to advertising agencies and businesses. According to IBOPE AGB México (“IBOPE”), the Company’s Mexico City audience share as of December 31, 2011 was 54.0%, more than three times that of the next most popular radio broadcasting company in Mexico City on the same date. See “—Broadcasting Operations” and “—Competition.”

In Mexico, Grupo Radio Centro currently owns eight AM and five FM radio stations. The Company manages and operates an additional FM station located in Mexico City and an additional FM station located in the United States. Of these 15 radio stations, Grupo Radio Centro operates five AM and six FM stations in Mexico City, one AM station in both Guadalajara and Monterrey, and one FM station in Los Angeles. The remaining AM radio station in Mexico City is managed and operated by a third party pursuant to an operating agreement.

The Company manages the 11 radio stations it operates in Mexico City as a portfolio, combining in-depth market research and programming innovation with continuous investment in state-of-the-art technology and human resources to produce high-quality, popular programs that target substantially all of the demographic segments of the Mexico City radio audience sought by advertisers. According to IBOPE, for the year ended December 31, 2011, Grupo Radio Centro's radio stations ranked as seven of the top ten radio stations (out of a total of 68 radio stations in Mexico City); as five of the top 10 FM radio stations (out of a total of 32 FM stations) and four of the top 10 AM stations (out of a total of 36 AM stations). See "—Business Strategy."

In the United States, we entered into an agreement on April 3, 2009 with Emmis Communications Corporation ("Emmis"), a U.S. radio broadcasting company. We agreed to provide programming to, and sell advertising time on, KXOS-FM for up to seven years. KXOS-FM is an Emmis-owned radio station broadcasting in Los Angeles, California, on the 93.9 FM frequency. We began operating the station in the contemporary Spanish-language hits format on April 15, 2009. We operate KXOS-FM through our subsidiary, Grupo Radio Centro LA, LLC ("GRC-LA"), which was incorporated on March 13, 2009 as a Delaware limited liability company. According to Arbitron Inc., a media and marketing research firm, as of December 31, 2011, KXOS-FM had an audience share of 1.2% and was ranked 27 out of a total of 80 stations in the Los Angeles metropolitan area and an audience share of 2.3% and was ranked 14 in terms of the Hispanic population.

In addition to its radio broadcasting activities, the Company, under the trade name *Organización Impulsora de Radio*, acts as the national sales representative for, and provides programming to, a network of affiliates in Mexico. At December 31, 2011, the Company had 127 affiliates in 71 cities throughout Mexico.

## Business Strategy

The Company's strategy is to optimize cash flow from operations by maintaining its leading market position.

## Maintenance of Leading Market Position

The Company is focused on maintaining its current position as the leading radio broadcaster in Mexico City, offering advertisers top-ranked stations in almost all major station formats, including the following:

Gruperá—Diverse Musical Genres,

Juvenil—Youth Oriented,

Spanish Language—Contemporary Music,

English Language—Classic Rock,

English Language—Contemporary Music,

Spanish Language—Classics, News/Talk Show, and

English Language—Music/News.

By maintaining a strong presence in the major station formats, management believes that the Company will maximize its share of total radio advertising expenditures. Management bases such belief on the following rationales: (i) a broadcaster's revenue is correlated with its ability to maximize the number of listeners within an advertiser's given demographic parameters, and (ii) the Company's stations currently cover almost all of the demographic segments of the radio audience sought by advertisers. In addition, by managing its stations as a portfolio and offering a broad range of advertising packages, the Company believes that it distinguishes itself from its smaller competitors, who cannot offer as comprehensive coverage of the Mexican radio audience. The Company offers advertisers exposure to listening audiences targeted to correspond with the demographic profiles advertisers seek and provides advertisers with their choice of either focused or broad audience exposure across a comprehensive range of income classes and age groups.

In order to maximize the audience share of its portfolio of stations, the Company recognizes the need to be responsive to the requirements of its listeners and advertisers, tailoring its stations to the changing circumstances of the market. The Company seeks to manage its station portfolio by balancing the mix of its station formats to correspond to the needs of the overall market and being proactive in the management of each individual station format and adjusting to the evolution of its particular market segment.

#### OIR Network Strategy

As a complement to its radio-broadcasting activities, Grupo Radio Centro operates and continues its efforts to expand its OIR radio network. The Company simultaneously transmits its news program “*La Red de Radio Red*” from 5:45 a.m. to 10:00 a.m. to the 24 largest commercial markets in Mexico outside the Mexico City metropolitan area. While increasing programming and service revenue, the operation of OIR also facilitates the Company’s overall marketing efforts, offering advertisers access to radio stations on a nationwide basis. See “—OIR Network.”



## Broadcasting Operations

## Radio Stations

The following table sets forth certain information about the radio stations Grupo Radio Centro operates in Mexico City as of December 31, 2011:

Station	Frequency	Power (Watts)	Station Format	Total Market Rank <sup>(1)(2)</sup>	Total Audience Share <sup>(1)(3)</sup>		Band Rank <sup>(1)(4)</sup>	Target Demographic Segments
XEQR-FM.	107.3 mhz	100,000	<i>Grupera</i> —Diverse Musical Genres	1	13.9 %		1	Ages 13-44
XERC-FM	97.7 mhz	100,000	<i>Juvenil</i> — Youth Oriented	9	3.5 %		7	Ages 8-34
XEJP-FM.	93.7 mhz	100,000	Spanish Language—Contemporary Music	4	6.5 %		4	Ages 18-44
XHFO-FM <sup>(5)</sup>	92.1 mhz	150,000	English Language—Classic Rock	5	5.6 %		5	Ages 18-44
XHFAJ-FM.	91.3 mhz	100,000	English Language—Contemporary Music	2	11.1 %		2	Ages 13-34
XEQR-AM.	1030 khz	50,000	Spanish Language—Talk Show	6	4.4 %		1	Ages 25+
XEJP-AM	1150 khz	50,000	Spanish Language Classics	7	4.0 %		2	Ages 35+
XERED-AM	1110 khz	100,000	News / Talk Show	22	1.0 %		5	Ages 25+
XHRED-FM	88.1 mhz	100,000	News / English Language—Music	21	1.1 %		17	Ages 25 +
XERC-AM.	790 khz	50,000	News	37	0.4 %		13	Ages 25+
XEN-AM	690 khz	100,000	News / Talk Show	36	0.4 %		12	Ages 25+

(1)

Source: IBOPE AGB Mexico.

(2) Total market rank is determined based on each station's annual average share of the total radio audience.

(3) Total audience share represents each station's annual average share of the total radio audience.

(4) Band rank is determined based on each station's annual average share of the radio audience within its broadcasting frequency band (i.e., either AM or FM).

(5) XHFO-FM is operated by Grupo Radio Centro pursuant to an operating agreement that was renewed on October 16, 2008 for five years ending on January 2, 2014. For the year ended December 31, 2011, XHFO-FM accounted for approximately 12.2% of Grupo Radio Centro's broadcasting revenue.

## Programming

The Company currently produces all of the programming for the stations it owns or operates. The Company also provides programming to its network of affiliates.

The programming the Company produces includes playing recorded music, covering live music events (such as concerts), and airing special musical programs and news and talk show programs. Through its Noticentro news division, the Company produces daily news programs consisting of three-minute updates and 10-minute summaries of local, national and international news that are broadcast through Formato 21, the Company's 24-hour all-news station, and the majority of its other stations in Mexico City. The Company also produces segments of two, three and four hour news programs that are broadcast at different times during the day.

The Company's programming strategy is to tailor the format of each of its stations to attract targeted demographic segments of the radio audience sought by advertisers. To ensure that its programming remains responsive to shifting demographic trends and audience tastes, Grupo Radio Centro uses its internal research division (which regularly conducts door-to-door interviews throughout Mexico City), as well as commercially available data, to assess the listening habits and tastes of the Mexico City population. Grupo Radio Centro conducted approximately 250,000 interviews in 2011 and 287,000 interviews in 2010. The Company believes that no competitor has developed an internal research capability as extensive as its own.

## Production and Transmission of Programming

Audio Engineering. Grupo Radio Centro has 18 production studios in which musical material, advertisements, informational messages, news and promotional spots are recorded on hard drive, compact disk, and DVD-audio through the Maestro Automation System. This system permits the direct transmission of audio recordings to the Company's 35 workstations, where they are processed and sent to broadcast sites.

Grupo Radio Centro also maintains 13 on-air studios, each of which is linked to Grupo Radio Centro's automated programming computer network via fiber optics. Grupo Radio Centro's primary studio operations are substantially fully digital and utilize state-of-the-art computer networks to record, schedule and play all news, music, promotional and advertising material. Currently, the Company has a single high-speed computer network installed both in on-air studios and in production studios. In 2008, the Company installed two digital mixer consoles used by OIR.

Grupo Radio Centro's news division uses the News Room system, which enables news writers to provide radio announcers with information directly through scrolling text that runs across a flat-panel screen while the announcers are on air. The system is used primarily in the Formato 21 radio station, but it also provides information to news centers in other radio stations. The News Room system, which receives news reports from the Associated Press (AP), Agence France-Presse (AFP), Notimex F Agency and Reuters, has reduced considerably the amount of paper used during news programs.

Transmission. Each of the Company's radio stations has a main transmitter and two back-up transmitters. All AM transmitters incorporate solid-state design. Each transmitter site has a diesel generator with automatic transfer that allows rapid switch to back-up power in case of a power outage. In addition, the main FM transmitter facility is equipped with an uninterruptible power supply to prevent the loss of airtime during the transfer to back-up power.

Grupo Radio Centro uses multiplexed networks for transmission, which allows five of its AM stations to operate at three sites, each using one antenna. Similarly, five FM stations were multiplexed in a common panel master antenna on the Cerro del Chiquihuite. In November 2010, the Company obtained authorization from the SCT to relocate these five FM radio stations from Cerro del Chiquihuite, which is in the north of Mexico City, to property at higher elevations and, after receiving such approval, purchased 484,000 square feet of land located at 3,300 meters above sea level. The Company expects to improve its current coverage for these radio stations after the relocation is complete. In addition, one FM radio station operated by the Company transmits from the World Trade Center building in Mexico City.

In 2007, the Company renovated a location to serve as an alternate transmission site as a back-up studio and production space. This facility is equipped with two small production studios, six transmission booths for talk show or news programs, and five workstations for music programs. The facility also has a sophisticated multiplexing network for up to five stereo channels for the FM stations and six digital encoders/decoders to connect to the transmitting plants. If there is an emergency, the alternate site can be controlled remotely from the XERC-FM, XEJP-FM and XEQR-FM radio stations in Mexico City.

In 2008, the Company began renovating an additional alternate transmission site for the studios of 11 of the Company's Mexico City radio stations. The alternate site, which was completed in 2009, is equipped with two small production studios, six transmitter booths for talk show and news programs, and five workstations for music programs.

In December 2008, the Company obtained authorization from the SCT to increase the power at two stations: XEDKR-AM (in Jalisco) was increased from one to 10 kilowatts, and XESTN-AM (in Monterrey) was increased from one to five kilowatts. In June 2009, the Company completed a new transmission site which is controlled remotely in a new building from which XEDKR-AM currently operates. In September 2009, the Company completed upgrades to its XESTN-AM transmission site. Both stations now operate with increased power.

#### Investment in Technology

The Company consistently invests in state-of-the-art equipment, the development and deployment of new operating systems and the training of its engineering and operating personnel. The Company believes these investments enable it to produce high-quality programming with few on-air errors and to broadcast a superior signal to listeners' radios. In addition, the Company's computer system allows it to maintain a certifiable log of advertising and to generate real-time affidavits certifying that advertisements have been aired when and as requested, which reduces customers' monitoring costs and enhances customers' goodwill. The Company believes that its equipment and engineering staff give it a competitive edge in Mexico City radio broadcasting.

Currently, all AM and FM radio broadcast signals in Mexico are analog. However, in recent years there have been efforts to develop, test and implement radio digital audio broadcasting (DAB), using either the "in-band-on-channel" (IBOC) U.S. broadcasting model or the "out-of-band" European broadcasting model. The *Cámara Nacional de la Industria de Radio y Televisión* (National Chamber of the Radio and Television Industries, or "CIRT") has been analyzing DAB proposals and created a task force with the *Comisión Federal de Telecomunicaciones* (Mexican Federal Telecommunications Commission or "Cofetel") in order to introduce DAB in Mexico. In February 2011, Cofetel approved the IBOC standard for AM and FM radio broadcast signals in Mexico. Cofetel announced that the adoption of IBOC would be voluntary for AM and FM station licensees and that IBOC would be used in hybrid mode, allowing for continued use of analog signals. The approval of IBOC does not prevent Cofetel from evaluating other broadcasting technologies in other bands of frequencies assigned to broadcasting. The adoption of IBOC is pending

approval by the *Comisión Federal de Mejora Regulatoria* (Federal Commission for the Improvement of Regulations). If implemented, IBOC would eliminate fading, static and other interference that adversely affects the listening experience.

The Company has actively participated in the analysis of the adoption of DAB in Mexico through its representation in CIRT and by supporting Cofetel's *Comité Mixto de Tecnologías Digitales* (Mixed Committee on Digital Technology). The Company has also supported the adoption of DAB in Mexico by installing and operating advanced digital radio transmission systems on an experimental basis. From October to December 2008, the Company tested a Digital Broadcasting System from its Constituyentes building. The system's capabilities included the transmission on one digital radio channel of two video programs, eight audio CD quality programs, data, and a webcam signal. The Company demonstrated the system with a reduced power transmitter during "CIRT Radio Week" in October 2008. The demonstration included more than 20 different types of DAB receivers. The Company plans to adopt IBOC by 2015.

In October 2011, the Company commenced building a new transmission site with digital transmission systems and state-of-the-art technology for five FM radio stations. This transmission site will be equipped with a new tower, new master antenna, new transmitters, processors, telemetry systems and remote control. The transmission site will also include a solar park to reduce or eliminate electric energy consumption.

#### Sale of Airtime and Marketing

Our two largest individual customers in 2011 were Walmart and Soriana. In 2010, our two largest individual customers were Walmart and Soriana. In 2011, Walmart represented 9.1% and Soriana represented 4.1% of our total broadcasting revenue, excluding revenue from our operations in the United States. In 2010, Walmart represented 10.4% and Soriana represented 3.4% of our total broadcasting revenue, excluding revenue from our operations in the United States. The Companies comprising Grupo Carso are also key customers, representing 5.5% of our total broadcasting revenue in 2011 and 5.2% in 2010, excluding revenue from our operations in the United States.

Sales of commercial airtime vary throughout the year and are generally highest in the fourth quarter of the year and lowest in the first quarter of the year. See Item 5, “Operating and Financial Review and Prospects—Seasonality of Sales.”

At December 31, 2011, the Company had a sales force of 28 individuals, of which 15 marketed primarily to advertising agencies and major customer accounts, and 13 marketed to small and mid-sized customer accounts.

Grupo Radio Centro establishes its advertising rates by considering the cost per thousand listeners as a reference to ensure that its rates are competitive. The Company offers package discounts to customers who purchase airtime on multiple stations; the largest discounts are offered to customers who purchase airtime on all of its stations. The Company charges higher rates to customers who purchase airtime during “special events,” such as live concerts and special news features.

The Company sells some commercial airtime in advance. The advance-sales arrangements guarantee the rate in effect at the time of purchase to advertisers who deposit cash with Grupo Radio Centro in an amount equal to their advertising commitment for an agreed period. These advertisers are also granted bonus advertising time in addition to the time purchased. The Company invests cash deposited pursuant to advance sales and includes interest generated on such investments in broadcasting revenue. In 2011, revenue recognized under advance-sale arrangements, including related interest income, accounted for approximately 19.7% of total broadcasting revenue (excluding revenue from our operations in the United States), compared to 22.0% for 2010.

The effect of such advance sales is to substitute the increased interest income earned on the advance sale payments for a portion of the operating income foregone because of the reduced effective rate on the advertising time sold subject to the advance-sale arrangements. The Company believes that such advance sales are advantageous to Grupo Radio Centro because the interest income generated by the proceeds of such advance sales offsets, in part, the effective reduction in advertising rates associated with such sales and because the bonus advertising time granted to purchasers is “dead time” (i.e., time that would not otherwise be sold). The Company also believes that the benefits of guaranteed rates and bonus airtime under its advance-sales plans attract advertisers who would not otherwise purchase advertising time. However, any decrease in future inflation rates may reduce the attractiveness of these plans for such advertisers.

#### OIR Network

Grupo Radio Centro, under the trade name OIR, provides national sales representation, programming and broadcast-related services to a network of affiliates. At December 31, 2011, Grupo Radio Centro had 127 affiliates located in 71 cities throughout Mexico. During the last two years, broadcasting revenue from OIR-related activities ranged from 2.9% to 3.2% of total broadcasting revenue (excluding revenue from our operations in the United States). In 2011, approximately 2.9% of the Company’s revenue (excluding revenue from our operations in the United States) was attributable to its work through OIR, and no single affiliate represented more than 9.3% of total OIR-related revenue.



At December 31, 2011, 11 of the Company’s OIR-related affiliates were owned or controlled by shareholders of the Company. Except as disclosed elsewhere (see Item 7, “Major Shareholders and Related Party Transactions—Related Party Transactions” and Note 23 to the Consolidated Financial Statements), all commercial relations between such shareholder-owned or shareholder-controlled stations and Grupo Radio Centro are on an arm’s-length basis.

Outside Mexico City, virtually all advertising aimed at a national audience is sold through networks of affiliated radio stations. Pursuant to its standard affiliate agreement, which is terminable at will by either party on 60 days’ notice, OIR agrees to purchase commercial airtime from affiliated stations, compensating such stations for their airtime with a percentage of the revenue obtained on the resale of commercial airtime to national advertisers, which percentage amounted to, on average, 64% of such revenue in 2011 and, on average, 62% of such revenue in 2010. The affiliates agree to broadcast certain programs at specified times with advertising spots of specified duration. Compensation paid to each affiliate varies depending on the size of each affiliate’s market.

OIR transmits special event programs, including national advertising, directly to certain affiliates via satellite. In December 2005, the Company installed a new satellite up-link system with state-of-the-art technologies, including Digital Video Broadcasting (DVB) transmission, with 10 digital stereo channels. All of our affiliates are able to receive OIR special event programs via satellite from Mexico City.

#### Competition

Radio broadcasting in Mexico is highly competitive, and programming popularity, an important factor in advertising sales, is readily susceptible to change. As of December 31, 2011, there were 54 commercial radio stations in Mexico City (31 AM and 23 FM stations) and 14 not-for-profit, public-service stations (eight FM and six AM). These stations constitute all of the currently available radio broadcast channels within Mexico City’s AM and FM frequency spectrum.

Set out below is a table showing the number of stations in Mexico City operated by Grupo Radio Centro and each of its six main competitors at December 31, 2011, and a chart depicting the audience share of each.

#### Operation of Mexico City Stations by Grupo Radio Centro and its Principal Competitors<sup>(1)</sup>

	AM Stations	FM Stations	Total
Grupo Radio Centro	5	6	11

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Grupo Acir	2	4	6
Televisa Radio	3	3	6
NRM Comunicaciones	3	3	6
Grupo Radio Fórmula	3	2	5
Grupo Imagen	0	2	2
MVS Radio	0	2	2
Total	16	22	38

(1) Source: Grupo Radio Centro.

Mexico City Radio Audience Share (1970-2011)

(1) Sources: INRA, Arbitron, Inc. and IBOPE.

In 1995, the Company began operating the three stations owned by Radio Programas de México. Accordingly, (2) from 1995, the Company's audience share includes the audience share of these three stations. In 1996, the Company acquired these stations.

(3) In 1995, Grupo Acir acquired the three stations owned by Grupo Artsa.

(4) As of 1994, Núcleo Radio Mil (NRM) no longer owns XECO-AM and XEUR-AM. In 1995, NRM purchased XHMM-FM.

(5) Includes average audience share of stations owned by Grupo Imagen until its separation from MVS Radio in December 1999.

According to IBOPE, the Company's Mexico City audience share increased to 51.9% in 2011, and the Company's average Mexico City audience share increased from 43.4% in 2009 to 50.4% in 2010. The Company has experienced gradual declines in the years prior to 2009, which were mainly attributable to increased competition from other radio stations that adopted formats similar to the Company's most successful formats, including Juvenil—Youth Oriented, Grupera—Diverse Musical Genres and News/Talk Show.

The Company believes that its balanced portfolio of station formats reduces the impact of a decline in audience share of any one format segment or station. For example, the Company's most popular station, XEQR-FM, which was the top-ranked station in Mexico City for the year ended December 31, 2011, represented only 14.7% of the Company's total radio audience. However, there can be no assurance that competition within, or a decline in the popularity of, a given format will not decrease the Company's aggregate audience share in the future.

In addition, the Company faces strong competition for advertising revenue from both television and various print media.

## OIR Network Competition

The Mexican radio-network market is highly competitive. As of December 31, 2011, there were 26 radio networks serving 687 AM radio stations and 499 FM radio stations outside Mexico City. The Company believes that the popularity of its programming, its long-standing experience in the Mexican radio broadcasting market and the quality of its broadcast-related services enable the Company's affiliates that are served by OIR to compete effectively.

## Significant Subsidiaries

The following table sets forth the Company's significant subsidiaries at December 31, 2011:

Name of the Company	Jurisdiction of Establishment	Percentage of Ownership and Voting Interest	Description
XEQR, S.A. de C.V.	Mexico	99.99 %	Radio station
XERC, S.A. de C.V.	Mexico	99.99 %	Radio station
XEEST, S.A. de C.V.	Mexico	99.99 %	Radio station
XEQR-FM, S.A. de C.V.	Mexico	99.99 %	Radio station
XERC-FM, S.A. de C.V.	Mexico	99.99 %	Radio station
XEJP-FM, S.A. de C.V.	Mexico	99.99 %	Radio station
XEDKR-AM, S.A. de C.V.	Mexico	99.99 %	Radio station
Radio Red, S.A. de C.V.	Mexico	99.99 %	Radio station
Radio Red-FM, S.A. de C.V.	Mexico	99.99 %	Radio station
Radio Sistema Mexicano, S.A.	Mexico	99.99 %	Radio station
Estación Alfa, S.A. de C.V.	Mexico	99.99 %	Radio station
Emisora 1150, S.A. de C.V.	Mexico	99.99 %	Radio station
Grupo Radio Centro LA, LLC	United States of America	100.0 % <sup>(1)</sup>	Radio station

GRC Comunicaciones, S.A. de C.V.	Mexico	99.99	%	Marketing company
GRC Radiodifusión, S.A. (formerly Aerocer, S.A.)	Mexico	99.99	%	Marketing company

(1) As the result of a capital reduction in February 2010, the Company owns 100% of Grupo Radio Centro LA, LLC. See Item 7, “Major Shareholders and Related Party Transactions—Related Party Transactions—Investment in GRC-LA.”

Name of the Company	Jurisdiction of Establishment	Percentage of Ownership and Voting Interest	Description
Promotora Técnica de Servicios Profesionales, S.A. de C.V.	Mexico	99.99	% Service company
Publicidad y Promociones Internacionales, S.A. de C.V.	Mexico	99.99	% Service company
To2 México, S.A. de C.V.	Mexico	99.99	% Service company
Promo Red, S.A. de C.V.	Mexico	99.99	% Service company
Universal de Muebles e Inmuebles, S.A. de C.V.	Mexico	99.99	% Real estate company
Inmobiliaria Radio Centro, S.A. de C.V.	Mexico	99.99	% Real estate company
Desarrollos Empresariales, S.A. de C.V.	Mexico	99.99	% Sub-holding company
Radiodifusión Red, S.A. de C.V.	Mexico	99.99	% Sub-holding company
Enlaces Troncales, S.A. de C.V.	Mexico	99.99	% Sub-holding company
Música, Música, Música, S.A. de C.V.	Mexico	99.99	% Non-operating company
Promotora de Éxitos, S.A. de C.V.	Mexico	99.99	% Non-operating company
Producciones Artísticas Internacionales, S.A. de C.V.	Mexico	99.99	% Non-operating company

#### Property and Equipment

All of Grupo Radio Centro's tangible assets (other than a small amount of tangible assets located in Los Angeles, California) are located in Mexico. At December 31, 2011, the net book value of all property and equipment was approximately Ps. 456.4 million (U.S.\$ 32.6 million).

Grupo Radio Centro's principal executive offices and studios are located in Mexico City and are owned by the Company. In 1992 Grupo Radio Centro purchased the Constituyentes building, a 102,000 square foot building (approximately 10,000 square meters), of which, at December 31, 2011, the Company occupied approximately 81,000

square feet (approximately 7,500 square meters). The remainder is available for leasing to third parties. In March 1994, Grupo Radio Centro moved its principal offices and broadcasting operations (excluding transmitter antennae and related equipment) into the Constituyentes building. Grupo Radio Centro also owns the transmitter sites and antenna sites used by most of its Mexico City radio stations, including related back-up facilities. In addition, Grupo Radio Centro currently leases satellite-transmission facilities in Mexico City from the Mexican government. As a result of a 1993 change in Mexican law, Grupo Radio Centro purchased and received authorization from Telecomunicaciones de México, a state-owned entity, to operate its own up-link equipment. This up-link equipment has been operational since the end of 1994 and was upgraded in December 2005 and the first quarter of 2006 (see “—Business Strategy—Production and Transmission of Programming”).

Grupo Radio Centro continues to own the building in which its administrative offices and studios were located immediately before its move into the Constituyentes building. Grupo Radio Centro also owns the land in Mexico City on which the transmission facilities of XERED-AM are located. Grupo Radio Centro believes that its facilities are adequate for its present needs and are suitable for their intended purpose.

Substantially all of the Company's property, excluding its broadcasting equipment, is subject to a first priority lien under our credit facility. See Item 5, "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."



## REGULATORY FRAMEWORK

The business of Grupo Radio Centro is subject to regulation and oversight by the SCT and Cofetel. The SCT is part of the executive branch of the Mexican federal government and Cofetel is a separate administrative agency independent of the SCT. Regulation and oversight are governed by the *Ley Federal de Radio y Televisión* (Federal Radio and Television Law), the *Ley Federal de Telecomunicaciones* (Federal Telecommunications Law), the regulations issued pursuant to these laws and the licenses granted by the SCT. We are also subject to oversight by the *Procuraduría Federal del Consumidor* (Federal Agency for Consumer Protection) and the *Comisión Federal de Competencia Económica* (Federal Competition Commission).

### Regulation of Radio Broadcasting by Mexico

**Licenses.** Under the Federal Radio and Television Law, amended by the Mexican Congress in April 2006 and June 2009, owners and operators of radio stations in Mexico must obtain a license from the Mexican government through the SCT to broadcast over a specified channel. After a call for bids and a public bidding process, a 20-year license is granted to the winning applicant upon payment of a fee. The SCT through Cofetel, may terminate or revoke the license at any time upon the occurrence of, among others, the following events: failure to construct broadcasting facilities within a specific period; changes in the location of the broadcasting facilities or changes in the frequency assigned without prior governmental authorization; failure to broadcast for more than 60 days without reasonable justification; and any violation of any of the other terms of the license. Under Mexican law, if the Company's license were revoked for certain specified reasons, Grupo Radio Centro would forfeit to the Mexican government its transmission and antenna facilities with respect to the license. If the license were terminated early for other causes, the Mexican government would have a right of first refusal to purchase all these assets at a price fixed by an independent appraiser. In addition, if the SCT, through Cofetel, terminates or revokes a license, the licensee may not obtain a new license for one to five years and, in some cases, may be forbidden from obtaining a new license at all. Under current regulations, we believe that it is unlikely that additional licenses will be granted in the Mexico City market.

The licensee has a preferential right to renew the license for periods of up to 20 years (with most terms for renewal currently being granted for up to 12 years) under a non-competitive renewal process. Renewals are generally granted to licensees that have substantially complied with the applicable law and the terms of their licenses. The licenses for nine of Grupo Radio Centro's radio stations (XEQR-AM, XERC-AM, XEEST-AM, XEJP-AM, XERED-AM, XEN-AM, XEQR-FM, XERC-FM AND XHFAJ-FM) were renewed and are now set to expire in 2016. The license for XHRED-FM was renewed and is now set to expire in 2019. The license for XEJP-FM is set to expire in December 2012, and the Company has applied for a renewal of this license. The license for XEDKR-AM (in Guadalajara) will expire in October 2015, and the license for XESTN-AM (in Monterrey) will expire in November 2015.

The licenses contain restrictions on the transfer of shares of the licensee, including the following: the transfer must be to a qualifying Mexican person; the transfer cannot result in a concentration of radio broadcasting holdings that may

be contrary to the public interest; and the transfer cannot result in a gain to the seller. All such transfers are subject to prior notice to the SCT. In addition, any transfer of the license is subject to the prior approval of the SCT. A license may only be assigned if the license has been in effect for more than three years, the licensee has complied with all of its obligations under the license and has obtained a favorable opinion of the Federal Competition Commission.

**Supervision of Operations.** Cofetel conducts regular inspections of the operations of the radio stations, and the companies or persons to whom licenses have been granted must file annual technical, statistical, financial and legal reports with Cofetel.

Under Mexican law, radio programming is not subject to judicial or administrative censorship, except that programming is subject to various regulations, including prohibitions on explicit language and programming that is contrary to the general principles of right conduct, national security or public order.

Radio programming is required to promote Mexico's cultural, social and ideological identity, and each licensee is required to make available each day up to 30 minutes of cultural or educational programming, or programming regarding family counseling or other social matters. The programming to be used to fulfill this requirement is provided to the broadcaster by the Mexican government.

Each licensee is required to provide a limited amount of broadcasting time free of charge to all registered political parties and the *Instituto Federal Electoral* (Federal Electoral Institute or “IFE”). See “— Political Advertising.”

**Networks.** There are no Mexican regulations governing the ownership and operation of a radio broadcasting network, such as OIR’s network, separate from the regulations applicable to operating a radio station.

**Restrictions on Advertising.** Mexican law regulates the type and contents of advertising that may be broadcast on radio. Licensees are also prohibited from broadcasting advertisements that are misleading. Advertisements for certain products and services are subject to restrictions or require government approval before their broadcast. Moreover, the Mexican government must approve any advertisement of lotteries or raffles, or any advertisement that promotes bonuses to consumers for purchasing products or services.

Mexican law also regulates the amount of advertising that may be broadcast in any day. Under Mexican regulations, no more than 40% of total broadcast time may be used for advertisements. That time must be divided proportionately among broadcasting hours.

The Company sets its minimum advertising rates and registers such rates through Cofetel. Commercial airtime may not be sold at lower rates than those registered with the SCT. There are no restrictions on maximum rates that may be charged.

**Broadcast Tax.** All radio stations in Mexico are subject to a tax payable in cash or by granting the Mexican government the right to use a portion of broadcast time. Radio stations may satisfy this tax by providing the Mexican government with several advertising spots lasting between 20 to 30 seconds each. The amount of broadcasting time allotted to the government is currently fixed at 35 minutes each day between 6:00 a.m. and midnight. The use of this time is not cumulative, and the Mexican government forfeits any time it does not use in any day. The Mexican government’s spots must be distributed on a proportional and equitable basis throughout the relevant programming period.

Public service announcements provided by the Mexican government are prohibited from competing with the licensee’s programming, and Mexican government programming that promotes the consumption of products or services must be limited to the general promotion of Mexico’s goods and services.

**Political Advertising.** Several articles of the Mexican constitution relating to political parties and elections were amended in November 2007. A new electoral code implementing the amendments became effective on January 15,

2008. The constitutional amendments and the electoral code prohibit political parties from directly or indirectly purchasing broadcast time on any radio or television station. In addition, private individuals and entities are prohibited from purchasing advertising on radio or television aimed at influencing voter preferences.

The Mexican government is allotted a certain amount of time under concession agreements with broadcasters and, in turn, gives a portion of that time to the IFE to distribute among the political parties (during election years) and for the use of the IFE. The broadcast time that political parties receive through the IFE is free of charge and airs during primetime hours. During campaign season, the IFE is granted 48 minutes of the 65 minutes that the Mexican government receives, in aggregate, daily, which includes 30 minutes allotted under concession agreements and 35 minutes allotted as a broadcast tax. In other periods, the IFE receives eight minutes. The time allocated by IFE to political parties is the only broadcast time at their disposal as, under the electoral code, political parties are prohibited from purchasing broadcast time. IFE has supervisory powers and is able to administer sanctions for violations of the provisions of the electoral code.

**Other.** Mexican companies are subject to the *Ley Federal de Competencia Económica* (Federal Economic Competition Law), which promotes fair competition and prevents monopolistic practices.

As a result of the increase in Grupo Radio Centro's share of the Mexico City radio market following its acquisition of Radiodifusión RED, S.A. in 1996, the Company is required by the Federal Competition Commission to seek its prior approval in connection with any future acquisitions of radio stations in Mexico, including, without limitation, purchases or leases of radio stations, interests in other radio concerns or transmission sites, irrespective of the size of such investments or their related audience share, a requirement to which, to the best knowledge of the Company, other Mexican broadcasting companies generally are not subject. The Company received Federal Competition Commission approval of its acquisition of XEN-AM in July 2001 because the Company sold two of its AM stations in 2000. No assurance can be given that the Federal Competition Commission will permit the Company to make any additional investments should it desire to do so.

The Federal Economic Competition Law was amended in 2006. These amendments strengthened the authority of the Federal Competition Commission, expanded the definition of monopolistic practices, provided a more rigorous approval process for business combinations and established more stringent penalties, including substantially higher fines and the divestiture of assets. As a result, it is possible that the Federal Competition Commission will more strictly enforce the Federal Economic Competition Law, which could restrict our operations.

The Federal Telecommunications Law was also amended in 2006, and interpretive regulations were issued in October 2007. The amendments to the Federal Telecommunications Law subject radio and television broadcasting companies such as Grupo Radio Centro to the oversight of Cofetel. The Federal Telecommunications Law also covers the transmission of restricted radio signals and other telecommunications services at certain frequencies.

The Federal Telecommunications Law expanded Cofetel's authority to conduct public auctions of available radio and television frequencies. Under this law, while the SCT retains the ultimate authority to issue licenses, Cofetel is permitted to engage in granting, prorogation, and completion of concessions, permissions and allocations to use and operate frequency bands attributed to the broadcasting service, acting as a branch of the SCT.

Mexican law prohibits ownership of radio broadcasting companies by non-Mexicans and Mexican corporations that allow foreign ownership of their voting securities. The adoption of the North American Free Trade Agreement did not change these Mexican regulations.

Intellectual Property

Mexico. Grupo Radio Centro (directly or through its subsidiaries) has registered or filed for registration with the *Instituto Mexicano de la Propiedad Industrial* (Mexican Institute of Industrial Property) the following service marks (and their corresponding design, where indicated):

- “Radio Red”
- “Joya”
- “El Fonógrafo del Recuerdo”
- “Variedades”
- “Stereo Joya”
- “NotiCentro” (and design)
- “Sensación” (and design)
- “Universal” (and design)
- “Radio Programas de México”
- “RPM”
- “ALFA 91.3”
- “BANG”
- “Stereo 97.7”
- “Alegría”
- “Centro”
- “Formato 21”
- “Hoy”
- “OIR”
- “Palco Deportivo”
- “To2”
- “UNIRED”
- “SERVIRED”
- “AUTORED”

In addition, Grupo Radio Centro (directly or through its subsidiaries) has registered or filed for registration the following commercial slogans:

- “CRC Radiodifusión Internacional”
- “Grupo Radio Centro Radiodifusión de México al Mundo”
- “ORC Radiodifusión Valle de México”
- “OIR Radiodifusión Nacional”
- “Radio Centro, la Estación de la Gran Familia Mexicana”
- “SER, Servicios Especializados de Radiodifusión”

**United States.** Grupo Radio Centro has filed for registration with the United States Patent and Trademark Office for the following service mark:

- “Radio Éxitos”

Item 4A. Unresolved Staff Comments

Not applicable.

#### Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this Annual Report. Our financial statements have been prepared in accordance with IFRS as issued by the IASB. We began reporting under IFRS for the year ended December 31, 2011 with a transition date to IFRS of January 1, 2010. Note 28 to our Consolidated Financial Statements contains information regarding the effects of adoption of IFRS, including the required reconciliations of consolidated stockholders' equity (as of January 1, 2010 and December 31, 2010) and of total comprehensive income for the year ended December 31, 2010. IFRS 1, "First-time Adoption of International Financial Reporting Standards" has been applied in preparing the Consolidated Financial Statements, which generally requires the retrospective application of all IFRS and the related improvements and interpretations. However, IFRS 1 requires certain mandatory exceptions and permits other optional exemptions from retrospective application in order to assist entities in the transition process. See Note 2 to the Consolidated Financial Statements for an explanation of use of exceptions permitted or required by IFRS 1. The summary consolidated annual financial information as of and for the year ended December 31, 2010 presented in this Annual Report, which was previously presented in accordance with MFRS, is presented under IFRS for comparative purposes.

## General

Grupo Radio Centro's operating performance is dependent on a number of factors, including its ability to produce popular radio programs that attract the demographic segments of the radio audience sought by advertisers, its share of the total radio audience, the relative advertising cost efficiency of radio compared to other media, its competition, the strength of its radio signals and the quality of its sound, the rate of growth of the local and national economies and government regulation and policies. Grupo Radio Centro's revenue is generated mainly from the sale of commercial airtime. The primary operating expenses involved in owning and operating radio stations are employee salaries, programming expenses, promotion and advertising expenses and depreciation and amortization.

## Seasonality of Sales

Grupo Radio Centro's revenue varies throughout the year. Sales of commercial airtime, Grupo Radio Centro's primary source of revenue, are generally highest in the fourth quarter of the year and lowest in the first quarter of the year. Grupo Radio Centro historically has had sufficient cash flow from operations to meet its operating needs in all four calendar quarters.

The following table sets forth the Company's broadcasting revenue on a quarterly basis as a percentage of total revenue, for 2011 and 2010.

	Broadcasting Revenue			
	2011		2010	
First quarter.	19	.1%	18	.3%
Second quarter.	23	.3	23	.0
Third quarter.	25	.8	24	.9
Fourth quarter.	31	.8	33	.8
Total	100	%	100	%

## Economic Conditions in Mexico

Grupo Radio Centro's financial condition and results of operations are generally affected by the strength of the Mexican economy, as demand for advertising, revenue from which is the principal source of the Company's earnings, generally declines during periods of economic difficulty.



Mexico began to enter a recession in the fourth quarter of 2008, during which GDP fell by approximately 1.6%. GDP fell by 6.5% in 2009 and has grown by approximately 5.5% in 2010 and 3.9% in 2011. If the Mexican economy experiences another recession, if inflation or interest rates increase significantly or if the Mexican economy is otherwise adversely impacted, our business, financial condition or results of operations could be materially and adversely affected.

The annual rate of inflation in Mexico, as measured by changes in the INPC, was 3.82% for 2011. The adverse effects of high inflation on the Mexican economy might result in lower demand for broadcast advertising.

#### Loss Contingency

In 2002, Infored, S.A. de C.V. (“Infored”) and José Gutiérrez Vivó initiated an arbitration proceeding against us, seeking the rescission of a production contract and damages. In March 2004, an arbitration panel of the International Chamber of Commerce notified us of its decision to rescind the contract and award Infored and Mr. Gutiérrez Vivó, collectively, U.S.\$ 21.1 million. As a result of the damages award, we recorded a provision for this contingent liability in the amount of U.S.\$ 21.1 million as of December 31, 2003. For the year ended December 31, 2005, we recorded Ps. 14.3 million and, for the year ended December 31, 2004, we recorded Ps. 7.0 million in interest relating to this provision. As of March 31, 2006, the provision amounted to Ps. 253.6 million (nominal amount). We challenged the validity of the arbitration award, and on June 16, 2006, a Mexican court set aside and refused to enforce the arbitration award in Mexico. As a result, we reversed the provision and recorded it as an extraordinary income item in June 2006.

Since the June 2006 decision, legal proceedings have continued, and in June 2008, the June 2006 decision was reversed. We currently do not consider it necessary to record a provision for this matter because the June 2008 decision does not impose an obligation to pay the arbitration award and we have continued to challenge the award's validity in the Mexican courts. See Item 8, "Financial Information<sup>3/4</sup>Other Financial Information<sup>3/4</sup>Legal and Arbitration Proceedings."

### Critical Accounting Policies

In preparing our financial statements, we make estimates concerning a variety of matters. Some of these matters are highly uncertain, and our estimates involve judgments we make based on the information available to us. In the discussion below, we have identified several of these matters for which our financial presentation would be materially affected if either (i) we used different estimates that we could reasonably have used or (ii) in the future we change our estimates in response to changes that are reasonably likely to occur. The discussion addresses only those estimates that we consider most important based on the degree of uncertainty and the likelihood of a material impact if we used a different estimate. There are many other areas in which we use estimates about uncertain matters, but the reasonably likely effect of changed or different estimates is not material to our financial presentation.

### Impairment of Long-Lived Assets

Tangible and intangible assets are recorded at cost less accumulated depreciation or amortization and impairment losses. Depreciation and amortization are recognized on a straight-line basis over the estimated useful lives of the assets. The estimated useful life and the depreciation or amortization method are reviewed at the end of each reporting period by management, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

In order to calculate an impairment loss, the Company determines the recovery value of the asset or cash-generating unit, which is defined as the greater of the net sales price of the asset or its value in use. Value in use is comprised of the present value of estimated future cash flows. The determination of the underlying assumptions related to the recoverability of long-lived assets is subjective and requires the exercise of considerable judgment. Key assumptions

used by the Company in its calculations of potential impairment loss include projections of cash flows, discounted using a weighted average cost of capital of 14.73%, considering perpetual growth of net cash flow of 3.5% and a perpetual factor of 8.91.

Impairment testing is performed annually or more frequently when there is indication that the asset or cash-generating unit may be impaired. Any impairment loss is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

#### Employee Benefits

The costs related to benefits to which employees are entitled as a result of seniority premiums and pension plans, in the case of union personnel, or by law or by Company grant, are recognized in the results of operations at the time services are rendered by employees, based on the present value of the benefits determined under actuarial estimates. Actuarial calculations include, among other things, assumptions related to employee demographics, retirement age, compensation levels, future costs, pay rates, turnover and mortality. As of December 31, 2011, the discount rate used in the calculation of employee benefits was 7.25%, while the expected rate of increase in salary used was 5%.

## Deferred Taxes

Under IFRS, the Company is required to recognize income tax effects on the differences between the accounting and tax bases of the Company's assets and liabilities. A deferred income tax benefit related to amortization of tax losses is recognized in the consolidated financial statements to the extent that it is likely that future tax benefits will ultimately be realized by the Company. Such estimates are based on management's knowledge of the business, as well as projections of future profits, including tax strategies developed by the Company. In connection with the Tax Law Concerning Expressly Declared Public Services and Concessionaires of Public Dominion Assets of the Nation (*Ley del Impuesto sobre Servicios Expresamente Declarados de Interés Público por Ley, Empresas Concesionarias de Bienes del Dominio Directo de la Nación*) issued in 1968 a radio and television tax is levied on customers who make payments to radio and television concessionaires (the "concessionaires"), equivalent to 25% of such payments. This tax is collected from customers and remitted to the Mexican government by the concessionaires. Subsequently, a new decree issued on October 10, 2002, allowed concessionaires to remit the tax either in cash or in-kind. If paid in-kind, the decree establishes that payment be provided in free airtime, the value of which is determined based on the equivalent of 18 minutes a day with respect to television broadcast, and 35 minutes a day with respect to radio broadcast. Accordingly, only 80% of the total amount of the consideration received from customers for broadcasting services relates to the payment for services provided to such customer, while the 20% remaining relates to the tax collected by concessionaires and payable to the Ministry of Finance of Mexico.

Based on tax and legal advice received, the Company does not consider the tax paid in-kind as part of its taxable income because there is no service contract entered into between the Company and the Mexican government, nor is there any consideration agreed upon between the two entities for the services rendered. The Company calculates its deferred income taxes on this basis and, accordingly, projects minimal to zero taxable income in future years. As a result, the Company has determined that it is not more likely than not that it will generate future taxable income sufficient to utilize the benefit provided from its previous tax loss carry-forwards, and thus has partially recognized the related deferred income tax asset.

## 2011 vs. 2010 Results of Operations

For the year ended December 31, 2011, broadcasting revenue was Ps. 988.6 million, representing a 8.9% increase compared to the Ps. 907.9 million reported in 2010. The increase in broadcasting revenue was mainly attributable to higher advertising expenditures by the Company's clients, who purchased more airtime during the year ended December 31, 2011 compared to the same period of 2010. Specifically, the Company recorded a 9.1% increase in the sale of airtime from its operations in Mexico, as revenues increased to Ps. 920.7 million in 2011 from Ps. 843.9 million in 2010, and we recorded a 6.1% increase in the sale of airtime from our operations in the United States, as revenues increased to Ps. 67.9 million in 2011 from Ps. 64.0 million in 2010.

The Company's broadcasting expenses (excluding depreciation, amortization, corporate and general and administrative expenses) for the year ended December 31, 2011 were Ps. 719.3 million, a 4% increase compared to the Ps. 691.4 million reported in the same period for 2010. This increase was primarily due to (i) increased promotional expenses, which increased to Ps. 32.1 million from Ps. 20.4 million in 2010, a 57.4% increase, (ii) higher commissions paid to the Company's sales force and to advertising agencies due to higher broadcasting revenues, which increased to Ps. 43.4 million from Ps. 37.1 million in 2010, a 17.2% increase, and (iii) the depreciation of the Mexican peso against the U.S. dollar, which increased our operating costs payable in U.S. dollars to Ps. 52.1 million in 2011, from Ps. 46.8 million in 2010, including those payable to Comercializadora Siete de Mexico, S.A. de C.V., an 11.2% increase.

Depreciation and amortization expenses for the year ended December 31, 2011 were Ps. 25.0 million, a slight increase compared to the Ps. 23.9 million reported in 2010.

The Company's corporate expenses for the year ended December 31, 2011 were Ps. 14.9 million, the same amount reported in 2010.

Other expenses, net for the year ended December 31, 2011 were Ps. 60.0 million, a 4.2% increase compared to the Ps. 57.7 million reported in 2010. This increase was mainly attributable to an increase in legal expenses incurred in 2011 related to the arbitral proceeding involving Mr. Gutiérrez Vivó.

The Company's net finance cost for 2011 was Ps. 18.1 million, compared to the Ps. 26.1 million reported in 2010. This decrease was mainly due to a decrease in interest expense from Ps. 26.3 million for the year ended December 31, 2010 to Ps. 17.9 million in the same period of 2011 as a result of the reduction in the annual interest rate of the Company's loan with Banco Inbursa, S.A. from 13% through March 18, 2010 to 9.5% thereafter combined with a reduction in the principal amount of such loan.

For the year ended December 31, 2011, the Company reported profit before taxes of Ps. 151.3 million, compared to Ps. 93.9 million reported in 2010, mainly due to the aforementioned increase in broadcasting revenue.

During 2011, the Company reevaluated the tax treatment of the portion of the broadcast time that it grants to the Mexican government as payment in-kind of broadcasting taxes. Although the payment in-kind of broadcast time is recognized as revenue for accounting purposes, the Company has determined that such amounts should not be included in taxable income for purposes of calculating income taxes payable. As a result of such reevaluation, the Company successfully petitioned the Mexican government for the reimbursement of \$27.9 million in income taxes paid related to the fiscal year ended December 31, 2009, which was recorded as an income tax benefit in the year ended December 31, 2011. This resulted in an overall net income tax benefit of Ps. 24.2 million in 2011, as compared to income tax expense of Ps. 42.7 million recorded for the year ended December 31, 2010. Although the Company generated profit before taxes in 2011, this benefit and the related approach to calculating taxable income resulted in a negative effective tax rate in 2011 of 16%, which represented an income tax benefit, as compared to a positive effective tax rate of 45% in 2010. In 2012, the Company expects to continue receiving reimbursements of income tax by the Mexican government in an amount equal to approximately Ps. 29.6 million.

As a result of the foregoing, the Company recorded a profit of Ps. 175.5 million for the year ended December 31, 2011, a significant increase when compared to a profit of Ps. 51.2 million for the year ended December 31, 2010.

In addition, for the year ended December 31, 2011, other comprehensive income, which is comprised of foreign currency translation and net actuarial gains and losses, amounted to Ps. 2.5 million, a slight increase compared to the Ps. 2.1 million recorded in 2010.

## Liquidity and Capital Resources

The Company's primary source of liquidity is cash flow from operations. The Company's operating activities provided Ps. 132.3 million in 2011 and Ps. 153.3 million in 2010. Working capital at December 31, 2011 was Ps. 248.0 million and Ps. 184.3 million at December 31, 2010. This increase in working capital was mainly a result of a decrease in current liabilities, which resulted from a decrease in commercial airtime sold in advance and reduced tax liabilities as a result of certain tax benefits received related to the re-evaluation of the tax treatment of broadcast tax.

Although cash flow from operations historically has been sufficient to cover the Company's working capital needs, the Company's investment in April 2009 in a Los Angeles radio station has resulted in increased working capital needs and the contemplated acquisition of the KXOS-FM station assets may increase the Company's working capital needs. On June 1, 2010, the Company borrowed Ps. 30 million under the revolving tranche of our credit facility to meet working capital needs, which we repaid on November 9, 2010. Although the Company currently expects to be able to meet its working capital needs in 2012 with cash flow from operations, there can be no assurances that it will not need to borrow further amounts.

During 2011, the Company's principal use of funds, other than for operating purposes and capital expenditures was the payment of dividends in the amount of Ps. 65.0 million and the repayment of indebtedness in the principal amount of Ps. 40.0 million. During 2011, the Company invested Ps. 15.9 million in the construction of a new transmission site with digital transmission systems and state-of-the-art technology for five FM radio stations, which commenced in October 2011. See "Business Overview—Broadcasting Operations—Investment in Technology."

During 2010, the Company's principal use of funds, other than for operating purposes and capital expenditures was the payment of dividends in the amount of Ps. 100.0 million and the repayment of indebtedness in the principal amount of Ps. 70.0 million. Grupo Radio Centro may from time to time repurchase its outstanding equity securities if market conditions and other relevant considerations make such repurchases appropriate.

Grupo Radio Centro invests its cash balances, generally, in short-term peso instruments, including overnight and time deposits, repurchase agreements, certificates of deposit and commercial paper of certain Mexican issuers. The Company has not entered into any arrangements for the purpose of hedging interest rate or currency risk.

#### Indebtedness

In 2006, we entered into a credit facility with Banco Inbursa S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa for a secured peso-denominated loan in two tranches in an aggregate principal amount equivalent to up to U.S.\$ 21.0 million. As of December 31, 2011, Ps. 90 million (or approximately U.S.\$6.4 million) were outstanding under this credit facility. The first, non-revolving tranche is for a peso-denominated amount equivalent to up to U.S.\$ 14 million to be used for capital expenditures and other corporate purposes. The second, revolving tranche is for a peso-denominated amount equivalent to up to U.S.\$ 7 million to be used for working capital purposes.

On March 26, 2009, we drew down on the first tranche, in the amount of Ps. 200 million, to finance the prepayment of the first two years of fees under the local marketing agreement we entered into with Emmis. We are required to repay the principal amount over five years in 20 quarterly installments beginning June 1, 2009 and make quarterly interest payments at an annual rate of 13.0% through March 18, 2010 and at 9.5% thereafter. On June 1, 2010, we borrowed Ps. 30 million under the second tranche for working capital purposes, which we repaid on November 9, 2010.

Amounts borrowed under the credit facility are guaranteed by several of our subsidiaries and secured by a first priority lien on substantially all of our property, including our corporate headquarters but excluding any equipment used for broadcasting.



The credit facility will expire on June 16, 2015. The principal conditions to drawing down include that we are in compliance with our obligations under the credit facility; there be no material adverse change resulting in a loss or liability to us equivalent to 5% or more of our total assets (as such condition is more fully defined in the credit facility) and no material adverse change in the banking environment or international capital markets; borrowed amounts be secured by a first priority lien on substantially all of our property; and no event of default under the credit facility has occurred. If any of the conditions to draw down is not met or waived, we will be unable to obtain funds under the credit facility.

The credit facility contains covenants requiring us to maintain certain financial ratios and comply with other financial conditions that, among other things, limit our ability to incur additional indebtedness, pay dividends, pledge assets and enter into transactions with affiliates. The financial covenants (using terms defined in the credit facility) include an interest coverage ratio of at least 2.5 to 1, a total debt to EBITDA ratio of no more than 3 to 1, a fixed charges coverage ratio of at least 1.75 to 1, a cash balance of at least U.S.\$ 1.75 million, and stockholders' equity of at least Ps. 850 million.

We were not in compliance with the fixed charges coverage ratio for the first and second quarters of 2010 and obtained waivers from the lender of this non-compliance for each quarter. Since then, we have been in compliance with our financial covenants. As of December 31, 2011 our interest coverage ratio was approximately 20.7 to 1, our total debt to EBITDA ratio was approximately 0.35 to 1, our fixed charges coverage ratio was approximately 5.95 to 1, our cash balance was approximately U.S.\$ 8.7 million, and our stockholders' equity was approximately Ps. 1.4 billion. If we fail to comply with any covenant under the credit facility in the future, there can be no assurance that we will be able to obtain waivers or that the lender will not accelerate amounts due under the credit facility. If we are unable to repay amounts due under the credit facility, the lender could proceed against the collateral securing our indebtedness. Such events would have a material adverse effect on our business, financial condition and results of operations.

#### Off-Balance Sheet Arrangements

In 2011, the Company had no off-balance sheet arrangements that have or, in the opinion of the Company, are reasonably likely to have a current or future effect on the Company's financial condition.

#### Contractual Obligations

In the table below we set forth contractual obligations consisting of long-term debt as of December 31, 2011 and the period in which the contractual obligations come due. The amount of our long-term debt reported in the table excludes accrued interest. The following table excludes pension obligations, as we are not able to determine the amount and timing of our future contributions to the pension fund because these obligations are determined annually based on actuarial calculations.

	Payments Due by Period (as of December 31, 2011)				
	Total	2012	2013-2014	2015-2016	2017 and beyond
	(in millions of Mexican pesos)				
Contractual obligations:					
Total debt <sup>(1)</sup>	Ps. 90.0	Ps. 40.0	Ps. 50.0	Ps. 0	Ps. 0
Interest	10.1	6.9	3.2	0	0
Operating lease <sup>(2)</sup>	419.7	97.8	195.6	126.3	0

(1)

Excludes interest payments and fees.

- (2) Reflects future payments due under the local marketing agreement described under “– Material Contracts” below (assuming the exercise of the call option under the Put and Call Agreement is not consummated).

## Item 6. Directors, Senior Management and Employees

### Directors

Management of the business of the Company is vested in the board of directors and the chief executive officer. Our bylaws provide that the board of directors consist of a minimum of seven and a maximum of 21 directors and an equal number of alternate directors. The Company’s shareholders elect each director and alternate director by simple majority vote at the annual ordinary general meeting. Alternate directors are authorized to serve on the board of directors in place of directors who are unable to attend meetings or otherwise participate in the activities of the board of directors. Directors and alternate directors may be Mexican or foreign, but both the majority of directors and the majority of alternate directors must be Mexican. A person who has acted as an external auditor of the Company or of companies that form a part of the Company’s corporate group or consortium during the year prior to appointment may not be a director.

Of the total number of directors, and their respective alternate directors, at least 25% must be independent directors. Independent directors may not be individuals related to the Company, such as, among others, employees or officers of the Company, controlling shareholders, important customers, suppliers, debtors or creditors of the Company, or their respective shareholders, directors or employees. Alternate directors only serve in place of their respective regular directors and alternates of independent directors, must also meet the requirements for independent directors.

The board of directors ordinarily consists of 12 members; however, on January 27, 2012, one of our directors, Thomas Harold Raymond Moffet passed away and, accordingly, our board of directors currently has 11 members. Alejandro Sepulveda de la Fuente is the secretary to the board of directors. The current members of the board of directors were reelected at the annual shareholders meeting on April 28, 2011 for a one-year term. Their names, positions, ages and information on their principal business activities outside Grupo Radio Centro are listed below. In addition to the “other directorships” listed below, two Aguirre members of the board of directors, Francisco Aguirre and María Adriana Aguirre, sit on the boards of directors of various radio stations in Mexico.

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Years as director</b>	<b>Principal occupation</b>	<b>Other directorships</b>
Francisco Aguirre G.	Chairman	70	12	Private investor	Chairman of the board of Grupo Radio México, S.A. de C.V.
María Esther Aguirre G.	First Vice Chairperson	72	12	Private investor	—
María Adriana Aguirre G.	Second Vice Chairperson	65	12	Private investor	—
Ana María Aguirre G.	Director	67	41	Private investor	—
Carlos Aguirre G.	Director	57	12	Chief Executive Officer of Grupo Radio Centro	—
Rafael Aguirre G.	Director	54	19	Private investor	Director of the Quintana Roo branch of HSBC México, S.A. (formerly Banco Internacional, S.A.); Director of the Yucatan Peninsula branch of Banco Nacional de México, S.A.
José Manuel Aguirre G.	Director	50	12	Real estate investor	—
Pedro Beltrán N.	Director	68	10	Finance & Administrative Director and Chief Financial Officer of Grupo Radio Centro	—
Luis Alfonso Cervantes Muñiz	Director	56	7	Attorney	—
Gustavo Gabriel	Director	49	7	Public accountant	—

Llamas  
Monjardín

Luis Manuel de la Fuente Baca	Director	66	12	Financial advisor	–
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Francisco Aguirre G., María Adriana Aguirre G., María Esther Aguirre G., Ana María Aguirre G., Carlos Aguirre G., Rafael Aguirre G. and José Manuel Aguirre G. are siblings. Until she passed away on June 23, 2008, their mother María Esther G. de Aguirre was the honorary chairperson of the board of directors of the Company.

Francisco Aguirre G., María Esther Aguirre G., María Adriana Aguirre G., Ana María Aguirre G., Carlos Aguirre G., Rafael Aguirre G. and José Manuel Aguirre G. are shareholders of the Company. Pedro Beltrán N. is an employee of the Company and Luis Alfonso Cervantes Muñoz is an advisor to affiliates of the Company. Gustavo Gabriel Llamas Monjardín and Luis de la Fuente Baca are independent directors, as defined under the Mexican Securities Market Law. Thomas Harold Raymond Moffet was an independent director as well and, at our next shareholders' meeting a new independent director shall be appointed to replace Mr. Moffet on the board of directors and on all of the committees (audit and corporate practices) on which he served.

The Company's bylaws provide that the board of directors shall meet at least four times during each fiscal year. Each of the chairman of the board of directors, the chairman of the Audit Committee, the chairman of the Corporate Practices Committee or at least 25% of the members of the board of directors is entitled to call a meeting of the Board and to include items in the agenda for each meeting.

The bylaws provide that holders of Series A Shares representing 10% of the capital stock of the Company shall be entitled to appoint one regular member of the board of directors and such member's alternate.

The bylaws also provide that the board of directors shall present to the shareholders at the annual shareholders meeting (i) the report on the transactions and activities in which it has been involved in accordance with the Mexican Securities Market Law, (ii) the report on the main accounting and information policies and criteria employed in the preparation of financial information, (iii) the reports prepared by the chairpersons of the Audit Committee and the Corporate Practices Committee and (iv) the report prepared by the chief executive officer together with the external auditors' report. The board of directors shall also present its opinion on the content of the report prepared by the chief executive officer.

The bylaws of the Company were amended on April 22, 2005 to provide that, independently and without prejudice to the exercise of the powers granted to the board of directors pursuant to Mexican law, the board of directors is entitled to grant or delegate in favor of the Audit Committee those powers that it deems necessary or convenient to comply with the legal and regulatory provisions applicable to the Company, as well as to determine the rules pursuant to which the Audit Committee shall exercise such powers, including the right to revoke or modify them.

The bylaws of the Company were further amended on July 31, 2006 to meet the requirements of the Mexican Securities Market Law. The amendments granted the board of directors and the Audit Committee greater authority and provided for the creation of the Corporate Practices Committee. The amendments to the bylaws also increased the authority that the board of directors may exert over the Company's accounting, auditing and internal control. With prior favorable opinion from the Audit Committee, the board of directors may approve the Company's financial statements, internal control and audit guidelines and accounting policies.

#### Executive Committee

The Company's bylaws provide that at an ordinary general meeting, the shareholders may elect, by simple majority vote, an Executive Committee of five to seven members from among the Company's directors or alternate directors elected or designated at such shareholders meeting. The bylaws of the Company provide that the Executive Committee's operations are subject to the same rules applicable to the operation of the board of directors. Alternate Executive Committee members are authorized to serve on the Executive Committee in place of members who are

unable to attend meetings or otherwise participate in the activities of the Executive Committee.

The current members of the Executive Committee are José Manuel Aguirre G. (chairman), Carlos Aguirre G. (vice-chairman), Ana María Aguirre G., María Esther Aguirre G., María Adriana Aguirre G., Rafael Aguirre G. and Francisco Aguirre G.

#### Audit Committee

The Audit Committee consists of Gustavo Gabriel Llamas Monjardín and Luis Manuel de la Fuente Baca (chairman). Thomas Harold Raymond Moffet was a member of our Audit Committee. All of the members of the Audit Committee also serve on the Company's board of directors. The shareholders ratified the appointment of these members to the Audit Committee and Mr. de la Fuente Baca's appointment as committee chairman at the annual shareholders' meeting held on April 28, 2011. As required by our bylaws and applicable law, all members of the Audit Committee are independent, as defined under Mexican Securities Market Law and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). See Item 16A, "Audit Committee Financial Expert." In order for a meeting of the Audit Committee to be valid, the majority of its members must be present, and the Audit Committee must adopt resolutions by majority vote.

The chairman of the Audit Committee may not also be the chair of the board of directors and is appointed and removed exclusively through a majority vote of the shareholders. The shareholders base their decision on the experience, ability and professional prestige of the appointee. The chairman of the Committee must submit an annual report on the activities of the Audit Committee to the board of directors.

The Audit Committee is responsible for assisting the Board in overseeing the activities of the Company. The members evaluate the performance, opinions and reports of the external auditor. In addition, the Audit Committee is responsible for regulation within the Company. The Audit Committee investigates possible violations of internal guidelines and also verifies the establishment of internal controls and the filing of related information. Additionally, the Audit Committee renders an opinion on the report regarding the financial information and results of operations of the Company, which is filed by the chief executive officer, and provides further information concerning that report to the board of directors.

The Audit Committee further assists the board of directors in oversight activities by requesting periodic meetings with executive officers. The Audit Committee also monitors the filing of information related to the internal control systems and internal audits of the Company and is responsible for preparing an opinion on the report filed by the chief executive officer. Additionally, the Audit Committee is responsible for verifying that the chief executive officer abides by the resolutions adopted in shareholder meetings and by the board of directors.

#### Corporate Practices Committee

The Corporate Practices Committee consists of Gustavo Gabriel Llamas Monjardín and Luis Manuel de la Fuente Baca, with Mr. de la Fuente Baca (chairman). Thomas Harold Raymond Moffet was a member of this committee. All of the members of the Corporate Practices Committee also serve on the Company's board of directors. The shareholders ratified the appointment of these members to the Corporate Practices Committee and Mr. de la Fuente Baca's appointment as committee chairman at the annual shareholders' meeting held on April 28, 2011. As required by our bylaws and applicable law, all members are independent, as defined by the Mexican Securities Market Law and Rule 10A-3 of the Exchange Act. In order for a meeting of the Corporate Practices Committee to be valid, the majority of its members must be present, and the Corporate Practices Committee must adopt resolutions by majority vote.

In accordance with the Securities Market Law, the Corporate Practices Committee is responsible for rendering opinions to the board of directors and requesting the opinions of independent experts if the Corporate Practices Committee considers it necessary. The Corporate Practices Committee assists the board of directors in generating reports on the main accounting policies and the criteria used to prepare the financial statements of the Company. The Corporate Practices Committee also reports on the transactions and activities of the Company in which the board of directors intervened. The Corporate Practices Committee may call shareholders' meetings and contribute items to the agenda when needed.



The chairman of the Corporate Practices Committee must submit an annual report on the activities of the Corporate Practices Committee to the board of directors. This report includes information regarding related party transactions, waivers granted and the performance and compensation of the Company's executive officers.

## Executive Officers

The executive officers of Grupo Radio Centro are as follows:

<b>Name</b>	<b>Position</b>	<b>Years as officer</b>	<b>Years of service</b>
Carlos Aguirre G.	Chief Executive Officer	33	38
Pedro Beltrán N.	Finance & Administrative Director and Chief Financial Officer	26	26
Arturo Yáñez F.	Auditing Director	28	28
Sergio González L.	Operations Director	28	28
Luis Cepero A.	Audio Engineering Director	29	51
Eduardo Stevens A.	Transmission Engineering Director	22	32
Gonzalo Yáñez V.	Marketing Director	12	15
Rodolfo Nava C.	Treasurer and Financial Information Manager	12	26
Alvaro Fajardo de la Mora	General Counsel	27	27
Luis Miguel Carrasco N.	Commercial Director	14	19
Alfredo Azpeitia Mera	Investor Relations Manager	19	23

## Compensation

For the year ended December 31, 2011, the aggregate compensation for the executive officers of the Company paid or accrued in that year for services in all capacities was Ps. 24.1 million, of which approximately Ps. 6.7 million was paid in the form of bonus compensation. The bonus compensation amounts were determined based on various factors, including quarterly financial results and station ratings and rankings.

The total of payments to Executive Committee members for attendance at Executive Committee meetings during 2011 was Ps. 22.6 million. The total of payments to directors for attendance at board of director meetings during 2011 was Ps. 0.2 million. The total payments to Audit Committee members for attendance at Audit Committee meetings during 2011 was Ps. 0.7 million.

## Board Practices

None of the directors have entered into a service contract with the Company that provides for benefits upon termination of employment or expiration of their membership on the board of directors of the Company.

## Employees

At December 31, 2011, Grupo Radio Centro employed a total of 461 full-time employees, fewer than half of whom are members of the *Sindicato de Trabajadores de la Industria de Radio y Televisión, Similares y Conexos de la República Mexicana* (Radio and Telecommunications Workers Union, or the “Union”). The Company employed a total of 467 full-time employees at December 31, 2010 and a total of 481 full-time employees at December 31, 2009. Grupo Radio Centro also employs a varying number of temporary employees. During 2011, the Company employed an average of 114 temporary employees. All employees of Grupo Radio Centro work in Mexico City.

Negotiations with Union employees are conducted at the industry level pursuant to a national contract (the “*Contrato Ley*”) that is administered by the Union and that provides for general employment terms applicable to all Union employees, although particular enterprises within the radio broadcasting industry may negotiate separate contractual arrangements with the Union if exceptions from the *Contrato Ley* are desired. All of Grupo Radio Centro’s current contractual relations with Union employees are pursuant to the stated terms of the *Contrato Ley*. The current *Contrato Ley* was renewed on February 1, 2010; however, salary increases are implemented annually. On February 1, 2012, the Company and the Union agreed to a 4.7% increase in salaries. Relations between Grupo Radio Centro, its workers and the Union have historically been good; there have been no material disputes between any of the radio broadcasting subsidiaries of Grupo Radio Centro and any of their employees since the founding of Grupo Radio Centro.

## Share Ownership

As of December 31, 2011, the Aguirre members of the board of directors had beneficial ownership, through a Mexican trust through which they hold Series A Shares, of 84,064,946 Series A Shares of the Company, representing 51.6% of the outstanding Series A Shares. See Item 7, “Major Shareholders and Related Party Transactions—Major Shareholders.”

None of the Company’s other directors or officers is the beneficial owner of more than 1% of the Company’s outstanding capital stock.

## Item 7. Major Shareholders and Related Party Transactions

### Major Shareholders

The Company was incorporated as Técnica de Desarrollo Publicitario, S.A. de C.V. on June 8, 1971, with its principal shareholders being members of the Aguirre family. The Company has undergone several changes in nominal ownership, but ultimate control has always resided with the Aguirre family.

On June 3, 1998, all of the Series A Shares and CPOs owned by the Aguirre family, which had been held in a trust established by the Aguirre family in 1992 (the “Old Controlling Trust”), were divided into two trusts (the Old Controlling Trust and the “New Controlling Trust” and, together, the “Controlling Trusts”). Before the division, 50% of the Series A Shares and CPOs of the Company held by the Old Controlling Trust was held for the benefit of María Esther G. de Aguirre, with the remainder divided equally among her children. Simultaneously with the division, María Esther G. de Aguirre acquired a 50% interest in each of the Controlling Trusts and transferred those interests to her children in equal parts, but reserved her rights to vote and receive dividends in respect of the Series A Shares and CPOs previously held for her benefit (the “reserved rights”).

On May 25, 1999, four members of the Aguirre family made a gift of their interests in the Company’s Series A Shares and CPOs held by the Controlling Trusts to María Esther G. de Aguirre. On the same date, the Aguirre family amended the terms of the Controlling Trusts to transfer, on such date, the reserved rights held by María Esther G. de Aguirre to her children in equal parts and to transfer, upon the occurrence of certain events, the trust interests gifted to her by her four children to her seven other children—María Esther Aguirre G., Francisco Aguirre G., María Adriana

Aguirre G., Ana María Aguirre G., Carlos Aguirre G., Rafael Aguirre G. and José Manuel Aguirre G.

On April 5, 2000, María Esther G. de Aguirre made a gift of her approximate 36% interest in the Controlling Trusts to her seven children holding interests in such trusts. Following this gift and an amendment of the terms of the Controlling Trusts to remove María Esther G. de Aguirre as grantor and beneficiary, those seven children owned, in equal parts, 100% of the interests in the Controlling Trusts. In 2003, all CPOs held by the Controlling Trusts were converted to Series A Shares.

In 2007, the Controlling Trusts were amended to change the trustee and consolidate the Controlling Trusts. Pursuant to agreements dated June 15, 2007, Bancomer, S.A. was replaced with Banco IXE S.A. as trustee of each Controlling Trust. Pursuant to an agreement dated June 18, 2007, the New Controlling Trust was dissolved and all of its assets were transferred to the Old Controlling Trust (now referred to simply as the "Trust"). The same seven members of the Aguirre family continue to own, in equal parts, 100% of the interests in the Trust. Under the terms of the Trust, the Series A Shares held by the Trust are ordinarily voted as directed by a majority of the beneficiaries of the Trust.

The following table sets forth certain information regarding the beneficial ownership of Series A Shares by beneficial holders of more than 5% of the outstanding Series A Shares as of April 16, 2012.

Name of Person or Group	Series A Shares Beneficially Owned		Percentage of Series A Shares <sup>(1)</sup>	
The Trust	84,064,946		51.6	%
María Esther Aguirre G.	84,064,946	(2)	51.6	%
Francisco Aguirre G.	84,064,946	(2)	51.6	%
María Adriana Aguirre G.	84,064,946	(2)	51.6	%
Ana María Aguirre G.	84,098,246	(2)(3)	51.7	%
Carlos Aguirre G.	84,088,346	(2)(4)	51.6	%
Rafael Aguirre G.	84,064,946	(2)	51.6	%
José Manuel Aguirre G.	84,064,946	(2)	51.6	%

(1) Percentages are based on 162,724,561 Series A Shares issued and outstanding as of April 16, 2012.

(2) All Series A Shares beneficially owned by the Trust (the “Family Shares”) are held for the benefit of the Aguirre Family and are deemed to be beneficially owned by each member of the Aguirre Family, each of whom is deemed to share power to vote or dispose, or direct the vote or disposition of, the Family Shares as a member of the Technical Committee of the Trust.

(3) Includes 33,300 Series A Shares beneficially owned by Ana María Aguirre G. in addition to Family Shares.

(4) Includes 2,600 ADSs beneficially owned by Carlos G. Aguirre in addition to Family Shares.

The voting rights of the holders of Series A Shares not held in the form of CPOs or ADSs are identical.

The bylaws of the Company prohibit the ownership of Series A Shares by persons who do not qualify as Mexican investors. See Item 10, “Additional Information—Bylaws and Mexican Law—Limitations Affecting Non-Mexican Holders—Share Ownership.” At April 16, 2012, to the best knowledge of the Company, approximately 2.8% of the outstanding Series A Shares was represented by ADSs. It is not practical for the Company to determine the number of U.S. holders of CPOs or ADSs, the portion of each class of securities held in Mexico or the number of record holders in Mexico.

#### Related Party Transactions

The Company engages in a variety of transactions with affiliates. Pursuant to the Company's bylaws, the operating rules of the board of directors and Mexican law, the Corporate Practices Committee of Company's board of directors must express an opinion on, and the Company's board of directors has exclusive power to approve, any transaction with a related party unless the transaction (i) is considered to be not material based on the value of the transaction; (ii) is entered into with a controlled entity, provided that such a transaction is either in the ordinary course of the Company's business and carried out at market price or supported in valuations prepared by external experts; or (iii) is entered into with employees, provided that the transaction is conducted under the same conditions as it would be for a client or as a result of general labor benefits.

#### Investment in GRC-LA; Acquisition of KXOS-FM Station Assets

On May 13, 2009, certain members of the Aguirre family acquired a 49% equity stake in Grupo Radio Centro LA, LLC, a wholly-owned subsidiary of the Company formed to provide programming to KXOS-FM pursuant to the local marketing agreement with Emmis Communications Corporation (which we refer to as "Emmis"). In exchange for their 49% equity stake, the Aguirre family members agreed to be responsible for 49% of the cost of the Company's investment. On February 26, 2010, the Company undertook a capital reduction of Grupo Radio Centro LA, LLC by returning U.S.\$ 1.47 million in capital contributions to certain members of the Aguirre family, which was the same amount initially invested by them. As a result of the capital reduction, the Company is the sole shareholder of Grupo Radio Centro LA, LLC.

As described under "—Material Contracts" below, the Company has entered into an amendment to the call and put option agreement with Emmis that effectively gives certain qualified designees of the Company, which are entities controlled by certain children of certain members of the Aguirre family who are U.S. citizens, the right to purchase the KXOS-FM station assets. The Company and the children of the members of the Aguirre family are currently negotiating the governance and economic arrangements that would be implemented following the consummation of the acquisition of the KXOS-FM station assets by the qualified designees of the Company.

#### Family Control of OIR Network Affiliates

In addition to their ownership interest in the Company, members of the Aguirre family owned or controlled 11 of the 127 affiliates in the network serviced by OIR at December 31, 2011. Affiliated stations owned or controlled by members of the Aguirre family accounted for approximately 10.0% of OIR revenue (or 0.03% of the Company's total broadcasting revenue) for 2011 (excluding revenue from our operations in the United States), and 7.4% of OIR revenue (or 0.2% of the Company's total broadcasting revenue) for 2010. The Company has provided administrative and other services to such family-owned stations in the OIR network and under certain circumstances has provided commercial airtime to related parties, on terms that are more favorable than those provided to unrelated parties. The Company does not believe that such transactions have been material.

#### Service Contract

On January 5, 2000, Grupo Radio Centro entered into a contract with an entity owned by Francisco Aguirre G., chairman of the board of directors of the Company, for an indefinite term pursuant to which this entity is compensated for consulting services and the sale of airtime provided to the Company by Mr. Aguirre. The Company incurred expenses under this contract totaling Ps. 4.7 million in 2011 and Ps. 4.0 million in 2010.

#### Sale of Goods and Services

The Company makes available to employees, including key management personnel, and directors and directors' family members goods and services obtained by the Company in barter transactions. These goods and services are offered to executive officers and directors at discounts that are comparable to the discounts offered to the Company's employees. The Company received a total of Ps. 4.3 million in 2011 and Ps. 3.8 million in 2010 from executive officers and directors and their families in connection with these transactions. See Note 23.1 to the Consolidated Financial Statements.

#### Attention to Aguirre Family Matters

Carlos Aguirre G., the Chief Executive Officer, Pedro Beltrán, the Chief Financial Officer, and Alvaro Fajardo, the General Counsel, have spent a portion of their time on Aguirre family matters for which the Company has not been separately compensated.



Item 8. Financial Information

Consolidated Financial Statements

See Item 18, “Financial Statements” and pages F-1 through F-52.

Other Financial Information

Legal and Arbitration Proceedings

Through a series of transactions effected in 1995 and 1996, the Company acquired five radio stations owned by Radiodifusión RED, S.A., as well as the exclusive radio broadcasting rights to Monitor, a news and talk radio program. On December 23, 1998, the Company entered into an agreement with Infored and Mr. Gutiérrez Vivó, the principal anchor of Monitor, pursuant to which they would provide the Company with original news programs and special-event productions until 2015 (the “Infored Agreement”). The Infored Agreement provided that Mr. Gutiérrez Vivó would continue as Monitor’s host until at least the end of 2003.

In May 2002, Mr. Gutiérrez Vivó and Infored initiated an arbitration proceeding pursuant to which they sought rescission of the Infored Agreement and damages. On March 1, 2004, the International Chamber of Commerce, or the ICC, notified the Company that, by majority vote of two of the three arbitrators, the ICC panel held that the Company was in breach of its contract with Infored and Mr. Gutiérrez Vivó. As a result, the contract was rescinded and Infored and Mr. Gutiérrez Vivó together were awarded a total of U.S.\$ 21.1 million in damages, which represents the amount the Company would be required to pay under the contract after taking into account prepayments made by the Company. The Company challenged the validity of this decision in the Mexican courts and, on November 11, 2004, Civil Judge 63 of the Federal District Superior Tribunal of Justice, set aside the arbitration award. Infored and Mr. Gutiérrez Vivó initiated an *amparo*, which is a type of proceeding used to challenge the legality of a decision under Mexican law, in November 2004. On August 11, 2005, District Judge 6 of Civil Matters granted Infored and Mr. Gutiérrez Vivó an *amparo*, in effect overturning the November 2004 decision. On August 25, 2005, the Company challenged District Judge 6's ruling in a proceeding before the Federal District's Thirteenth Circuit Court of Civil Matters. On June 16, 2006, the Federal District's Thirteenth Circuit Court of Civil Matters ratified the decision of the Civil Judge 63 of the Federal District Superior Tribunal of Justice to set aside the arbitration award and refused to enforce the arbitration award in Mexico.

Following an appeal by Infored and Mr. Gutiérrez Vivó, on January 30, 2007, the Mexican Supreme Court (*Suprema Corte de Justicia de la Nación*), in a 5 to 4 decision based on procedural grounds, reversed the Federal District's Thirteenth Circuit Court of Civil Matters' decision that had ratified a lower court's decision to set aside the arbitration award. The Supreme Court remanded the case to the Thirteenth Circuit Court, instructing the court to reexamine the matter under different procedural rules, which required the court to review the merits of the case. On June 12, 2008, the Thirteenth Circuit Court reversed its prior decision, granted the *amparo* of Infored and Mr. Gutiérrez Vivó, denied the *amparo* of the Company, and remanded the case to Civil Judge 63 of the Federal District Superior Tribunal of Justice. On July 11, 2008, Civil Judge 63 of the Federal District Superior Tribunal of Justice ruled that the decision that set aside the arbitration award was valid. The July 2008 decision of Civil Judge 63 of the Federal District Superior Tribunal of Justice did not constitute an order to pay the arbitration award, the enforcement of which remains subject to lower court review.

In August 2008, the Company challenged the arbitration award as unconstitutional in an *amparo* filed with District Judge 6 of Civil Matters. District Judge 6 of Civil Matters dismissed the *amparo* based on procedural grounds. The Company challenged this action before the Thirteenth Circuit Court, and in February 2009, that court ruled the Company's *amparo* was admissible and remanded it to District Judge 6 of Civil Matters. In April 2009, District Judge 6 of Civil Matters granted the Company's *amparo*, in part, but dismissed the *amparo* with respect to the Company's challenge of the constitutionality of certain provisions of the Mexican commercial code. The Company then appealed this dismissal to the Thirteenth Circuit Court in July 2009, which in turn referred the constitutional question to the Mexican Supreme Court. In September 2010, the Mexican Supreme Court concluded that the disputed commercial code provisions are constitutional, thus denying the Company's *amparo* in which it sought to challenge the arbitration award as unconstitutional. The Company believes that enforcement of the arbitration award remains subject to lower court proceedings. In May 2011, Infored and Mr. Gutiérrez Vivó requested that Civil Judge 63 of the Federal District Superior Tribunal of Justice enforce the arbitration award pursuant to a motion for summary judgment. This request was rejected by Civil Judge 63 and Mr. Gutiérrez Vivó and Infored filed an *amparo*, which was denied on November 10, 2011, with Civil Judge 6 to challenge this ruling. Infored and Mr. Gutiérrez Vivó are appealing the ruling of Civil Judge 63, and the decision on this appeal is pending.

The Company plans to continue to challenge the validity of the arbitration award in the Mexican courts. Although the Company believes it has merits to achieve a favorable outcome, if the Company is ultimately unsuccessful in challenging the enforcement of the arbitration award in Mexico, it will be required to finance any amounts due. See Item 5, “Operating and Financial Review and Prospects—Liquidity and Capital Resources.” The Company’s ability to obtain financing is subject to various factors, including general market conditions, the Company’s financial condition and results of operations and the fact that the Company has pledged substantially all of its assets under its outstanding indebtedness. Accordingly, the Company may not be able to obtain financing in a timely manner, or on acceptable terms, or at all. If the Company incurs additional indebtedness or it is unable to obtain financing when needed, the Company’s financial condition and results of operations may be materially and adversely affected.

The Company is involved in various other legal proceedings related to the Infored and Gutiérrez Vivó transaction. In 2004, the Company and a subsidiary, along with four minority shareholders, initiated two lawsuits against Mr. Gutiérrez Vivó and Ms. María Ivonne Gutiérrez Vivó to seek rescission of the stock purchase agreement entered into as an “accessory contract” to the Infored Agreement. One case pertains to the shares of the licensee of the radio station formerly known as XEJP-AM (now XENET-AM), and the other case pertains to the shares of the licensee of the radio station formerly known as XEFAJ-AM (now XEINFO-AM).

In addition, in 2008, Mr. Gutiérrez Vivó and Infored initiated additional claims against the Company for alleged violations of labor law in connection with the Infored Agreement. In 2009, Mr. Gutiérrez Vivó and Infored initiated a civil lawsuit against the Company and individual members of the Aguirre family, seeking consequential damages in an amount of approximately Ps. 9.46 billion arising out of the Company’s alleged wrongful failure to pay the arbitration award. The lower court dismissed both claims, however, the ruling did not provide that Mr. Gutiérrez Vivó and Infored would pay the Company’s costs expenses related to this lawsuit. The lower court ruling was appealed by Mr. Gutiérrez Vivó and Infored and by the Company. The Company is only challenging the award on cost and expenses. The Company’s management believes that these cases will be ultimately resolved in favor of the Company.

As of December 31, 2011, the Company was also involved in a variety of labor claims initiated by former employees between 2000 and 2004 seeking an aggregate amount of approximately Ps. 30.5 million. The Company did not record a provision for these claims as of December 31, 2011, as the Company’s management believed that the cases would be resolved in favor of the Company.

Other than proceedings related to labor claims and proceedings related to the arbitration with Infored described above, neither the Company nor any of its subsidiaries is currently engaged in any material litigation or arbitration, and no material litigation or claim is known to the Company to be pending or threatened against the Company or any of its subsidiaries.

#### Dividend Policy

The table below sets forth each of the dividends paid by the Company for the years ended December 31, 2008, 2009 and 2010, together with per-Series A Share (in nominal pesos and U.S. dollars) and per-ADS amounts translated into U.S. dollars at the exchange rate in effect on each of the respective payment dates.

Fiscal Year with Respect to which	Aggregate Amount of	Dividend Per Series A Share	Dividend Per	Dividend Per
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Date Dividend Paid	Dividend Paid	Dividend Paid (Nominal Pesos)	(Nominal Pesos)	Series A Share (U.S. dollars) <sup>(1)</sup>	ADS (U.S. dollars) <sup>(1)</sup>
April 13, 2009	2008	Ps. 100,000,000	0.61	0.04	0.41
March 24, 2010	2009	Ps. 100,000,000	0.61	0.05	0.44
August 22, 2011	2010	Ps. 65,000,000	0.40	0.03	0.29

(1) Per Series A Share and ADS amounts are calculated based on number of shares outstanding on the date of payment of the dividend. ADS are comprised of nine CPOs, each CPO representing one Series A Share.

(2) Peso amounts have been translated to U.S. dollar amounts at the exchange rate for pesos on the date of payment of the dividend, as published by the Central Bank of Mexico.

The amount of future dividends will depend upon Grupo Radio Centro's operating results, financial condition and capital requirements and upon general business conditions. The declaration, amount and payment of dividends are determined by a majority vote of the holders of the Series A Shares, generally upon the recommendation of the Company's board of directors. Depending on the Company's financial position and compliance with the covenants in its credit facility, the Company may declare dividends in the future. See Item 10, "Additional Information—Bylaws and Mexican Law—Dividends."

## Item 9. The Offer and Listing

Since July 1, 1993, the CPOs have been listed on the Mexican Stock Exchange and the ADSs have been listed on the NYSE. The ADSs have been issued by the Depository. Each ADS represents nine CPOs. Each CPO represents a financial interest in one Series A Share.

The CPOs were originally issued by Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria (“Nafin”) as trustee for the trust (the “CPO Trust”) created by the trust agreement, dated May 24, 1993, as amended, among the Old Controlling Trust and the Company, as grantors, and Nafin, as CPO trustee. At a general meeting of the Company’s shareholders on April 25, 2003 and a general meeting of the CPO holders on May 19, 2003, the shareholders and CPO holders approved several amendments to the CPO Trust. On June 27, 2003, the parties to the CPO Trust agreement entered into an amended and restated CPO Trust agreement (the “Amended CPO Trust Agreement”), reflecting those amendments, including the following:

Nafin was replaced as the CPO trustee by GE Capital Bank, S.A., Institución de Banca Múltiple, GE Capital Grupo Financiero, División Fiduciaria, as successor trustee for the CPO Trust (the “CPO Trustee”).

- The term of the CPO Trust was extended 20 years until June 29, 2023 (which term may be further extended).

On June 30, 2003, all CPOs held by holders that qualified as Mexican investors, as defined in the Company’s bylaws (see Item 10, “Additional Information—Bylaws and Mexican Law—Limitations Affecting Non-Mexican Holders”), were exchanged for Series A Shares held in the CPO Trust. As of June 30, 2003, qualifying Mexican investors held Series A Shares and no longer held CPOs. Non-Mexican holders of CPOs as of June 30, 2003 continued to hold CPOs and, as holders of CPOs, are not entitled to withdraw the Series A Shares held in the CPO Trust.

In connection with the Amended CPO Trust, the Series A Shares commenced trading on the Mexican Stock Exchange under the symbol “RCENTRO.A” on June 30, 2003. The Series A Share listing is deemed to include the CPOs, such that the Series A Share trading line will reflect trading of both Series A Shares and CPOs.

Holders of CPOs are able to sell their CPOs (i) to a non-Mexican investor, in which event the non-Mexican investor would receive such CPOs, or (ii) to a Mexican investor, in which event the Mexican investor would receive the Series A Shares underlying such CPOs, directly or by keeping them deposited at an account at Indeval, maintained by such investor or by an authorized institution. Indeval, or S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores, is a privately owned securities depository that acts as a clearinghouse for Mexican Stock Exchange transactions.

The 2003 amendments to the CPO Trust did not affect the rights or interests of holders of ADSs.

On April 6, 2010 GE Money Bank, S.A., Institución de Banca Múltiple, GE Capital Grupo Financiero (formerly GE Capital Bank, S.A.) was replaced as CPO Trustee of the CPO Trust, by Banco Multiva, S.A., Institución de Banca Múltiple, Grupo Financiero Multiva, División Fiduciaria (“Multiva”), as a result of the divesture by GE Money of its managing trust portfolio, which included the Trust. Multiva assumed the position of CPO Trustee under the Trust.

## Price History

The following table sets forth, for the periods indicated, the reported high and low sale prices for the Series A Shares and the CPOs on the Mexican Stock Exchange (on a nominal basis) and the reported high and low sale prices for the ADSs on the NYSE.

	Mexican Stock Exchange Amounts per Series A Share and per CPO (in nominal pesos)		New York Stock Exchange Amounts per ADS (in U.S. dollars)	
	High	Low	High	Low
2007	18.95	12.30	15.65	8.90
2008	16.00	9.50	14.14	5.21
2009	14.10	7.00	10.60	2.96
2010	14.50	7.50	9.31	6.35
First quarter	14.00	9.00	9.00	8.00
Second quarter	12.00	7.60	8.95	6.38
Third quarter	11.70	7.50	8.11	6.35
Fourth quarter	14.50	9.01	9.31	7.65
2011	16.00	12.00	13.03	7.20
First quarter	16.00	12.85	13.03	9.35
Second quarter	14.59	12.00	11.65	8.36
Third quarter	12.00	12.00	9.72	7.55
Fourth quarter	13.60	12.00	9.40	7.20
Most Recent Six Months				
October 2011	14.36	11.00	7.75	7.20
November 2011	12.00	11.00	8.25	7.40
December 2011	13.61	12.15	9.40	8.16
January 2012	14.00	13.60	10.65	9.30
February 2012	13.50	13.5	10.34	9.10
March 2012	14.00	13.50	10.48	9.14

## Trading on the Mexican Stock Exchange

The Mexican Stock Exchange, located in Mexico City, is the only stock exchange in Mexico. Founded in 1907, it is organized as a corporation whose shares are currently held by brokerage firms that are exclusively authorized to trade on the Exchange. Trading on the Mexican Stock Exchange takes place through the Sentra automated system; the



Exchange's opening and closing times are fixed so that the Exchange's trading day coincides with the trading day of the NYSE. The Mexican Stock Exchange operates a system of automatic suspension of trading in shares of a particular issuer as a means of controlling excessive price volatility, but under current regulations this system does not apply to securities, such as the CPOs, that are directly or indirectly (for example, through ADSs) quoted on a stock exchange (including, for these purposes, the NYSE) outside Mexico.

Settlement is effected three business days after a share transaction on the Mexican Stock Exchange. Deferred settlement, even by mutual agreement, is not permitted without the approval of the CNBV. Most securities traded on the Mexican Stock Exchange, including those of Grupo Radio Centro, are on deposit with Indeval.

#### Item 10. Additional Information

##### BYLAWS AND MEXICAN LAW

Set forth below is certain information concerning the Company's capital stock and a brief summary of certain significant provisions of the Company's bylaws and Mexican law. This description does not purport to be complete and is qualified by reference to Mexican law and the bylaws of the Company, which have been filed as an exhibit to this Annual Report. For a description of the Company's bylaws relating to the board of directors, Executive Committee, Audit Committee and Corporate Practices Committee, see Item 6, "Directors, Senior Management and Employees."

The bylaws of the Company were amended on July 31, 2006 to incorporate provisions required by the Mexican Securities Market Law. The most recent amendment to the bylaws was on December 16, 2009.

## Mexican Securities Market Law

On December 30, 2005, a new Mexican Securities Market Law was enacted. The law became effective on June 28, 2006 and, in some cases, it provided issuers until December 2006 to adopt the new corporate governance requirements. The Securities Market Law introduces significant changes to the regime in which issuers operate, including:

the establishment of the *sociedad anónima bursátil*, a separate corporate form of organization for issuers with stock registered with the *Comisión Nacional Bancaria y de Valores* (Mexican National Banking and Securities Commission or the “CNBV”) and listed on the Mexican Stock Exchange, which provides for a new set of corporate governance requirements;

the redefinition of the functions and structure of the board of directors, including (i) increasing the number of members of the board of directors (up to 21, with independent members comprising at least 25%) and (ii) requiring that the status of members of the board of directors as independent be determined by the shareholders’ meeting, subject to the CNBV’s authority to challenge such determination;

the application of a legal framework to the chief executive officer (director general) and executive officers (*directivos relevantes*) entrusted with the day-to-day management of the issuer;

the adoption of a clear definition of fiduciary duties, including but not limited to the duty of care and the duty of loyalty, for members of the board of directors and, in certain cases to its secretary, the chief executive officer and other executive officers;

the increase in liability for members of the board of directors and its secretary with respect to the operations and performance of the issuer, including (i) payment of damages and losses resulting from the breach of their duty of care or loyalty and (ii) criminal penalties from one to 12 years of imprisonment for certain illegal acts involving willful misconduct. Civil actions under (i) above may be brought by the issuer or by shareholders that represent 5% or more of the capital stock of the issuer; and criminal actions under (ii) above may be brought by the issuer, the *Secretaría de Hacienda y Crédito Público* (Mexican Ministry of Finance and Public Credit) after consultation with the CNBV, and in certain cases, by injured shareholders;

the elimination of the requirement that the issuer have a statutory auditor and the delegation of specific obligations of corporate governance and oversight to the audit committee, the corporate practices committee and the external auditors;

the requirement that all the members of the audit and corporate practices committees be independent as such term is defined under the new law, except with respect to the corporate practices committee in the case of issuers like us that have controlling shareholders;

the enhancement of the functions and responsibilities of the audit committee, including (i) the evaluation of the performance of the external auditor, (ii) the review and discussion of the financial statements of the issuer and the conveyance to the board of directors of the committee's recommendations regarding the approval of such financial statements, (iii) the surveillance of internal controls and internal audit procedures of the issuer, (iv) the reception and analysis of recommendations and observations regarding the committee's functions by the shareholders, members of the board of directors and senior management, and the authority to act upon such recommendations and observations, (v) the authority to call a shareholders' meeting and to contribute to the meeting's agenda and (vi) the oversight of the execution of resolutions enacted at meetings of shareholders or the board of directors;

the requirement that the shareholders' meeting approve all transactions that represent 20% or more of the consolidated assets of the issuer within a given fiscal year; and

the inclusion of a new set of rules requiring an issuer to obtain prior authorization from the CNBV to effect public offerings of securities and tender offers.

## Organization and Register

The Company was incorporated on June 8, 1971, as a Mexican limited liability stock company (*sociedad anónima de capital variable*) in accordance with Chapter V of the *Ley General de Sociedades Mercantiles* (the “Mexican Companies Law”). It was registered in the *Registro Público de Comercio de la Ciudad de México* (the “Public Registry of Commerce of Mexico City”) on August 28, 1992 under number 20694. Pursuant to the Mexican Securities Market Law, Grupo Radio Centro adopted the corporate form of *sociedad anónima bursátil de capital variable* on July 31, 2006 through an amendment to its bylaws.

## Purpose

The Company’s purpose is, among others, to market advertising services through media as well as to represent or act as an agent of all types of associations, civil or commercial companies, services, industrial or commercial corporations and in general, Mexican or foreign individuals or entities and to provide consulting and technical assistance services related to accounting, commercial, financial, tax, legal or administrative issues for companies in which it is a shareholder or for other third parties.

## Share Capital

The capital stock of the Company consists of Series A Shares. In addition to Series A Shares, the bylaws permit the issuance, upon the approval of competent authorities such as the Ministry of Economy and of the CNBV, of special series of shares including those with limited or no voting rights.

## Voting Rights

Each Series A Share entitles the holder thereof to one vote at any meeting of the shareholders of the Company. Holders of CPOs are not entitled to exercise the voting rights corresponding to the Series A Shares held in the CPO Trust. Such voting rights are exercisable only by the CPO Trustee, which is required to vote all such Series A Shares in the same manner as the holders of a majority of the Series A Shares that are not held in the CPO Trust and that are voted at a shareholders meeting. See “—Limitations Affecting Non-Mexican Holders—Voting Rights.”

## Shareholders Meetings

General shareholders meetings may be ordinary meetings or extraordinary meetings. Extraordinary general meetings are those called to consider certain matters specified in Article 182 of the Mexican Companies Law and the Company's bylaws, including, among others, amendments to the bylaws, liquidation, and merger and transformation from one form of company to another. In addition, the Company's bylaws require an extraordinary general meeting to consider the removal of the Company's capital stock from listing on the Mexican Stock Exchange.

An ordinary general meeting of the holders of Series A Shares must be held at least once each year to consider the approval of the financial statements of the Company for the preceding fiscal year, to elect directors for holders of Series A Shares and members of the Executive Committee, to determine the allocation of the profits or losses of the preceding year and to consider approval of the report on the Company's repurchase and sale of shares and the report on the actions of the Audit Committee.

The quorum for an ordinary general meeting of the Series A Shares in first call is 50% of such shares, and action may be taken by a majority of the Series A Shares present. If a quorum is not available, a second meeting may be called at which action may be taken by a majority of the Series A Shares present, regardless of the number of such shares. The quorum for an extraordinary general meeting is 75% of the Series A Shares. If a quorum is not available, a second meeting may be called, provided that at least 50% of the Series A Shares entitled to vote are present. Actions at an extraordinary general meeting may be taken by a 50% vote of all outstanding Series A Shares on first and successive calls.

Shareholders meetings may be called by the board of directors, the Audit Committee, the Corporate Practices Committee or a court. Holders of 10% of the Series A Shares may require the chairpersons of the board of directors, the Audit Committee or the Corporate Practices Committee to call a meeting of the shareholders. Additionally, if holders of shares with full or limited voting rights representing 10% of the capital stock of the Company do not have sufficient information on the matters to be voted on, those shareholders may request one postponement of shareholders' meetings per matter. These postponements may be extended for up to three business days if necessary. Notice of meetings must be published in the *Diario Oficial de la Federación* or a newspaper of general circulation in Mexico City at least 15 days before the meeting. In order to attend a meeting, shareholders must deposit their Series A Shares with the Company's secretary at its office in Mexico City or any appointed registrar, or submit certificates evidencing a deposit with Indeval. If entitled to attend the meeting, a shareholder may be represented by proxy. The directors of the Company may not act as proxies. Holders of the Company's shares, with full or limited voting rights, representing 20% of the capital stock of the Company have the right to seek judicial remedies to block any actions taken by the shareholders with respect to which such holders have the right to vote. Holders of CPOs and ADSs representing CPOs are not entitled to call shareholders meetings or seek judicial remedies to block actions taken by the shareholders.

#### Dividends

At the annual ordinary general meeting of holders of Series A Shares, the board of directors submits the financial statements of the Company for the previous fiscal year, together with a report thereon by the Board, to the holders of Series A Shares for approval. The holders of Series A Shares, once they have approved the financial statements, determine the allocation of the Company's net profits for the preceding year. They are required by law to allocate at least 5% of such net profits to a legal reserve, which is not thereafter available for distribution except as a stock dividend, until the amount of the legal reserve equals 20% of the Company's historical capital stock (before effect of restatement). See Note 17.5 to the Consolidated Financial Statements. Thereafter, the shareholders may determine and allocate a certain percentage of net profits to any special reserve, including a reserve for open-market purchases of the Company's Series A Shares. The remainder of net profits is available for distribution. All Series A Shares outstanding and fully paid at the time a dividend or other distribution is declared are entitled to share equally in such dividend or other distribution. Series A Shares that are only partially paid participate in dividends or other distributions in the same proportion that such Series A Shares have been paid at the time of the dividends or other distributions.

#### Liquidation

Upon liquidation of the Company, one or more liquidators may be appointed to wind up its affairs. All fully paid and outstanding Series A Shares will be entitled to participate equally in any distribution upon liquidation. Series A Shares that are only partially paid participate in such distribution upon liquidation in the proportion that they have been paid at the time of liquidation.

## Preemptive Rights

Except as described below, in the event of a capital increase, a holder of existing Series A Shares has a preferential right to subscribe for a sufficient number of Series A Shares to maintain the holder's existing proportionate holdings of Series A Shares. Shareholders will not have preemptive rights to subscribe for Series A Shares issued (i) in connection with mergers or (ii) on the conversion of convertible debentures, if an extraordinary general shareholders meeting called for such purpose approved such issuance or conversion and waived preemptive rights in connection therewith in accordance with the procedures specified in the Company's bylaws. Preemptive rights must be exercised within 15 days following the publication of notice of the capital increase in the *Diario Oficial de la Federación*. Under Mexican law, preemptive rights cannot be waived in advance and cannot be represented by an instrument that is negotiable separately from the corresponding share. Holders of CPOs or ADSs that are U.S. persons or located in the United States will be unable to participate in the exercise of such preemptive rights absent registration of the preemptive rights offering under the U.S. Securities Act of 1933, which the Company is not obligated to do.

Under the new Mexican Securities Market Law, however, if Grupo Radio Centro were to increase its capital stock to effect a public offering of newly issued shares or were to resell any repurchased shares, no preemptive rights would be available to the holders of outstanding shares as a result of the issuance or resale.

#### Variable Capital

Under the Company's bylaws and Mexican law, the Company's capital stock must consist of fixed capital and may include variable capital. Shares of the Company's fixed capital stock are called Class I shares and shares of the Company's variable capital stock are called Class II shares. The fixed portion of the Company's capital stock may only be increased or decreased by resolution of an extraordinary general meeting of shareholders, whereas the variable portion of the Company's capital stock may be increased or decreased by resolution of an ordinary or extraordinary general meeting of shareholders. Increases and decreases in the variable portion of the capital stock must be recorded in the Company's book of capital variations.

Currently, the Company's outstanding capital stock consists only of fixed capital. Should the Company have any outstanding variable capital, its outstanding shares will not be specifically assigned to the fixed or variable portion.

The bylaws of the Company were amended on December 13, 2006, to increase the Company's minimum capital stock. On December 16, 2009, the Company's bylaws were further amended to increase the peso amount of our fixed minimum capital stock to Ps. 1,611,620,660. We did not authorize or issue any new shares. As of the date hereof, we have 247,414,768 authorized common shares, of which 162,724,561 shares are outstanding and fully paid for and 84,690,207 shares are held in treasury shares.

#### Limitations Affecting Non-Mexican Holders

#### Share Ownership

Ownership by non-Mexican investors of shares of Mexican enterprises is regulated by the 1993 *Ley de Inversión Extranjera* (Foreign Investment Law), as amended, and the 1998 *Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras* (Foreign Investment Regulations) thereunder. The *Secretaría de Economía* (Ministry of Economy) and the *Comisión Nacional de Inversiones Extranjeras* (Foreign Investment Commission) are responsible for the administration of the Foreign Investment Law and the Foreign Investment Regulations.



The Foreign Investment Law reserves certain economic activities exclusively for the state and reserves certain other activities (such as radio broadcasting) exclusively for Mexican individuals or Mexican corporations the bylaws of which contain a prohibition on ownership by non-Mexicans of the corporation's voting securities. However, the Foreign Investment Law allows foreign investors to own non-voting securities, such as the CPOs, of companies subject to foreign investment restrictions.

In addition to the limitations established by the Foreign Investment Law, the Federal Radio and Television Law and the licenses granted by the SCT provide restrictions on ownership by non-Mexicans of shares of Mexican enterprises holding licenses for radio, such as those held by Grupo Radio Centro.

In order to comply with these restrictions, the Company's bylaws limit ownership of Series A Shares to qualifying Mexican investors. A holder that acquires Series A Shares in violation of the restrictions on non-Mexican ownership will have none of the rights of a shareholder with respect to those shares. The Company, however, has received approval from the Foreign Investment Commission to have up to 73.5% of its capital stock represented by CPOs issued by the CPO Trust. The CPOs do not have any restrictions on non-Mexican ownership, except that foreign governments or their agencies may not own them. The foregoing restriction does not prevent foreign state-owned enterprises organized as separate entities with their own assets to own CPOs. Pursuant to the Amended CPO Trust Agreement, the CPOs may be owned only by holders that do not qualify as Mexican investors as defined in the Company's bylaws. A holder that acquires CPOs in violation of the restrictions on Mexican ownership will have none of the rights of a CPO holder with respect to those CPOs.

The Foreign Investment Law and Foreign Investment Regulations also require that the Company register any foreign owner of its shares, or the depositary with respect to ADSs or global depositary shares representing its shares or ordinary participation certificates representing such shares, with the *Registro Nacional de Inversiones Extranjeras* (National Registry of Foreign Investment). A foreign owner of Series A Shares that has not been registered is not entitled to vote such Series A Shares or to receive dividends with respect to such Series A Shares. The *Dirección General de Inversión Extranjera* (General Directorate of Foreign Investment) has informed Grupo Radio Centro that it is not required to register any foreign owner of CPOs.

### Voting Rights

Each Series A Share entitles the holder thereof to one vote at any meeting of the shareholders of the Company. Holders of CPOs (and holders of ADSs representing CPOs) are not entitled to exercise voting rights with respect to the Series A Shares underlying such CPOs. Pursuant to the terms of the Amended CPO Trust Agreement, the CPO Trustee votes the Series A Shares held in the CPO Trust in the same manner as holders of a majority of the Series A Shares not held in the CPO Trust and voted at the relevant shareholders meeting. The Trust holds a substantial majority of the Series A Shares not held in the form of CPOs. As a result, the Trust and, indirectly, members of the Aguirre family have the power to elect a majority of the directors of, and control, the Company. Additionally, holders of CPOs or ADSs are not entitled to attend or to address the Company's shareholders meetings.

### Rights of Withdrawal

Whenever the shareholders approve a change of corporate purpose, change of nationality or restructuring from one type of corporate form to another, any shareholder who has voted against such change or restructuring has the right to withdraw from the Company and receive the amount calculated as specified in Mexican law attributable to its shares, provided such shareholder exercises its right to withdraw during the 15-day period following the meeting at which such change was approved. Because the CPO Trustee is required to vote the Shares held in the CPO Trust in the same manner as the holders of a majority of the Series A Shares that are not held in the CPO Trust and that are voted at the shareholders meeting, under no circumstances will the Series A Shares underlying the CPOs be voted against any such change and therefore appraisal rights will not be available to holders of CPOs or ADSs.

### Termination of the CPO Trust

The Amended CPO Trust Agreement and the CPOs issued under the public deed evidencing the issuance of CPOs pursuant to the Amended CPO Trust Agreement (which deed is registered with the Public Registry of Commerce of Mexico City) are scheduled to expire 20 years after the date of execution of the Amended CPO Trust Agreement. The CPO Trust may be extended by the CPO Trustee upon receipt six months before termination of written notice from the

technical committee of the CPO Trust. If no such notice is received, the CPO Trustee will commence the procedure for the termination of the Amended CPO Trust Agreement. At the time of such termination, the CPO Trustee will proceed to sell the Series A Shares held in the CPO Trust and distribute the proceeds of such sale to the holders of the CPOs on a pro rata basis in accordance with the number of CPOs owned by each holder. Notwithstanding the foregoing, the Amended CPO Trust Agreement cannot be terminated if any dividends or other distributions previously received by the CPO Trustee remain unpaid to the CPO holders.

Upon the expiration of the Amended CPO Trust Agreement, subject to obtaining the applicable authorizations from the Mexican government, the CPO Trustee and any CPO holder may execute a new trust agreement with the same terms as the Amended CPO Trust Agreement. There can be no assurance that a new trust agreement will be executed.

See Item 9, "The Offer and Listing" on the replacement of the CPO Trustee by Multiva on April 6, 2010.

#### Administration of the CPO Trust

Pursuant to the terms of the Amended CPO Trust Agreement, the CPO Trust will continue to be administered by the CPO Trustee under the direction of a technical committee. The technical committee of the CPO Trust consists of four members and their respective alternates. Each of the following appoints one member: the Foreign Investment Commission, the Mexican Stock Exchange, the Asociación Mexicana de Intermediarios Bursátiles, A.C. (Mexican Association of Securities Brokerage Firms) and the common representative of the CPO holders (HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC). Actions taken by the technical committee of the CPO Trust must be approved by a majority of the members present at any meeting of such committee at which at least the majority of the members are present.

#### Other Provisions

#### Redemption

The Series A Shares are subject to redemption in connection with either (i) a reduction of share capital or (ii) a redemption with retained earnings, which, in either case, must be approved by the Company's shareholders at an extraordinary shareholders meeting. The Series A Shares subject to any such redemption would be selected by the Company by lot or, in the case of redemption with retained earnings, by purchasing Series A Shares by means of a tender offer conducted on the Mexican Stock Exchange, in accordance with the Mexican Companies Law.

#### Purchase by the Company of its Shares

The Company generally may not repurchase its shares, subject to certain exceptions. First, the Company may repurchase shares for cancellation with distributable earnings pursuant to a decision of an extraordinary general meeting of shareholders. Second, pursuant to judicial adjudication, the Company may acquire the shares of a shareholder in satisfaction of a debt owed by such shareholder to the Company. The Company must sell any shares acquired pursuant to judicial adjudication within three months; otherwise, the Company's capital stock will be reduced and such shares will be cancelled. Third, in accordance with the Mexican Securities Market Law, the Company is permitted to repurchase its own shares at their current market price on the Mexican Stock Exchange under certain circumstances with funds from a special reserve created for such purpose. The maximum amount that may be authorized by the shareholders to be spent by the Company for the repurchase of shares (see "—Shareholders Meetings" above) may not exceed the sum of net income for the prior year plus retained earnings.

## Purchase of Shares by Subsidiaries of the Company

Subsidiaries or other entities controlled by the Company may not purchase, directly or indirectly, shares of the Company, shares of companies that are majority shareholders of the Company or invest in derivative instruments having shares of the Company as underlying assets. However, subsidiaries or other entities controlled by the Company may acquire equity interests in investment companies that in turn invest in shares of the Company.

## Conflict of Interest

A shareholder who votes on a business transaction in which its interest conflicts with that of the Company may be liable for damages, but only if the transaction would not have been approved without its vote. In accordance with the Securities Market Law, a conflict of interest is assumed, unless proven otherwise, when a controlling shareholder votes in favor of or against transactions and in so doing obtains benefits that not obtained by other shareholders, the Company or its controlled entities.

Additionally, any members of the board of directors who have a conflict of interest must abstain from discussing or voting on any matter. This condition does not affect the quorum requirement for Board meetings.

## Duty of Care

The members of the board of directors must comply with the duty of care by acting in good faith and in the best interest of the Company and its controlled entities. In order to obtain the necessary information to comply with the duty of care, the members are authorized to request information on the Company and its controlled entities as well as solicit meetings with executive officers and other persons that may contribute to the decision-making processes of the Board.

### Duty of Loyalty

Directors and the secretary of the board of directors are bound to preserve the confidentiality of information regarding the Company when such information has not been made public. As part of the duty of loyalty, directors must inform the Audit Committee and the external auditor of any irregularities that occurred during the tenure of former board members as well as any irregularities that become apparent during their tenure.

Directors who breach the duty of loyalty may be jointly liable with other directors and must indemnify the Company against any losses or damages caused by the breach. Such individuals shall be removed from their positions.

### Actions Against Directors

Actions for civil liabilities against the directors, the secretary of the board of directors or executive officers may be initiated by resolution passed at a general ordinary shareholders meeting. If the shareholders decide to bring such action, the directors against whom such action is to be brought immediately cease to be directors. Shareholders representing not less than 5% of the outstanding Series A Shares may directly bring such action provided that the claim covers all damages allegedly suffered by the Company or its controlled entities and not only by such shareholders. Any recovery of damages with respect to actions for civil liabilities against directors, the secretary of the Board or executive officers will be for the benefit of the Company or its controlled entities and not for the shareholders bringing such actions.

### Obligations of Majority Shareholders

If the Company seeks to cancel the registration of its shares with the *Registro Nacional de Valores* (National Registry of Securities, or “RNV”) or the registry is cancelled by the CNBV, shareholders holding the majority of the voting shares or having the power to control decisions in the general shareholders meeting or appoint the majority of the board of directors (the “controlling shareholders”) must offer to purchase all outstanding shares before cancellation. If the controlling shareholders make such a purchase offer but do not acquire 100% of the shares of the Company’s capital stock, then before cancellation of the registration of its securities from the RNV, the controlling shareholders shall place in trust for a minimum of six months an amount of funds necessary to acquire the remaining shares at the purchase offer price.

According to the bylaws of the Company, the price of the offer must be at least the higher of (i) the average trading price during the previous 30 days on which the shares may have been quoted for a period up to six months before the

effective date of the offer or (ii) the book value of the shares in accordance with the most recent quarterly report submitted to the CNBV and the Mexican Stock Exchange.

The trade value in the Mexican Stock Exchange shall be the average adjusted price per volume of transactions carried out during the last 30 days in which the shares of the Company have been traded, before the date of the offer during a period that cannot exceed six months. If the number the shares were traded for fewer than 30 days, the actual number of days in which the shares were traded will be taken into account. If the shares are not traded within such period of time, the book value of the shares will be used.

The board of directors of the Company must provide its opinion regarding the price of the tender offer within the ten business days after the commencement of the offer, taking into account the opinion of the Corporate Practices Committee, and disclose its opinion through the Mexican Stock Exchange. The opinion provided by the board of directors may include the opinion of an independent expert. The Board must also disclose any conflicts of interests that any director may have in connection with the offer. The directors and the chief executive officer of the Company must publicly disclose their decision with respect to whether or not they will sell any of their own securities issued by the Company.

If the controlling shareholders obtain the consent of the shareholders representing 95% of the capital stock of the Company through a resolution adopted at a shareholders meeting, and the bid price for the shares is less than 300,000 investment units, as defined under Mexican law, the controlling shareholders will not be required to conduct a tender offer, as long as to obtain the cancellation, the Company places in trust for a minimum of six months an amount of funds necessary to acquire the remaining shares at the same price as the offer price.

Finally, the bylaws provide that the controlling shareholders may request authorization from the CNBV to use a different basis for the determination of the price provided that the board of directors presents a recommendation to establish a different price, after taking into account the opinion of the Corporate Practices Committee, together with the report of an independent expert confirming that the price is reasonably appropriate.

#### Duration

The Company's existence under the bylaws is indefinite.

#### Anti-Takeover Provisions

The bylaws contain certain provisions intended to delay or prevent a takeover of the Company by any person or persons. The bylaws require the approval of two-thirds of the members of the board of directors for the (i) acquisition by any person or related persons, through one or more consecutive transactions of any nature, of shares or other securities with full voting rights representing 30% or more of the capital stock of the Company and (ii) entering into by any person or persons of any agreement or arrangement for the exercise of voting rights in respect of 30% or more of the capital stock of the Company.

Any acquisition of shares or other securities of the Company which has not been approved by the board of directors as required will not be recorded in the stock registry book of the Company, will not be acknowledged by the Company and will not entitle the acquiring person to vote or exercise any other rights in respect of the acquired shares or securities. Similarly, any person entering into any voting agreement or arrangement which has not been approved by the board of directors as required will not be entitled to exercise the relevant voting rights whether in the general shareholders meeting or the board of directors meetings. In the event of either an acquisition of shares or securities of the Company or the entering into of a voting agreement or arrangement without the required approval of the board of directors, the board of directors will have the right to take certain actions including requiring the acquirer of shares to sell such shares through a public offering, requiring such acquirer to acquire all or part of the remaining shares of the Company, the rescission of the acquisition of shares and the termination of such voting agreement or arrangement.

To the extent that the board of directors has the right to approve any acquisition of shares or other securities or any agreement for the exercise of voting rights, the board of directors shall decide to approve such transaction based on the following factors: (i) the nationality, moral and financial status and other characteristics of the contemplated acquirer, (ii) the potential advantages and disadvantages of the contemplated acquirer's participation in the Company and (iii) the contemplated acquirer's experience in the radio broadcasting industry.



The chairman and the secretary of the board of directors must be notified, within five days, of any acquisition of shares or other securities or the entering into of any voting agreements or arrangements involving 5% or more of the capital stock of the Company.

#### MATERIAL CONTRACTS

On October 16, 2008, the Company entered into an agreement to extend the term of the Operating Agreement, dated as of December 30, 1998, between the Company and Comercializadora Siete, S.A. de C.V., under which the Company operates the radio station XHFO-FM. The agreement is scheduled to terminate on January 2, 2014. See Note 25 to the Consolidated Financial Statements.

For a description of the Company's bank credit facility, see Item 5, "Operating and Financial Review and Prospects—Liquidity and Capital Resources—Indebtedness."

On April 3, 2009, the Company entered into a local marketing agreement with certain subsidiaries of Emmis, a U.S. radio broadcasting company. Under the local marketing agreement, the Company provides programming to, and sells advertising time on, KXOS-FM, a radio station broadcasting in Los Angeles, California, for up to seven years. The Company is obligated to pay Emmis U.S.\$ 7 million per year, plus expenses incurred by Emmis with respect to the station. On April 7, 2009, the Company advanced U.S.\$ 14 million (approximately Ps. 200 million) as prepayment for the first two years of fees under the local marketing agreement. The Company financed the prepayment with a bank loan in an aggregate principal amount of Ps. 200 million. Beginning in April 2011, following the initial prepayment, the Company pays Emmis a monthly fee of U.S.\$ 583,000. In connection with the local marketing agreement, the Company also entered into a seven-year call and put option agreement with Emmis to purchase the assets of KXOS-FM. Pursuant to the agreement, the Company is entitled to exercise its call option to purchase the KXOS-FM station assets at any time during its seven-year term, and Emmis is entitled to require the Company to purchase the station's assets during the seventh year of the term. If, at the time of the exercise of the call or put, the Company is not qualified under U.S. law to own a U.S. radio station, the Company must assign the agreement to a qualified third party. The purchase price under this agreement is U.S.\$110 million, subject to the amendment described below.

On April 13, 2012, the Company entered into an amendment to the call and put option agreement with Emmis that effectively gives certain qualified designees of the Company, which are entities controlled by certain children of certain members of the Aguirre family who are U.S. citizens, the right to purchase the KXOS-FM station assets for U.S.\$85.5 million dollars provided that the purchase closes on or before March 27, 2013 or, in certain limited circumstances related to the timing of the FCC approval, an earlier date. The local marketing agreement will remain in effect until the closing of the purchase. In connection with this amendment, the qualified designees have exercised the call option, the consummation of which is subject to certain closing conditions, including a financing condition and FCC approval (for which transfer applications have been filed). If the closing does not occur on or before March 27, 2013 or such earlier date (if applicable), the local marketing agreement will continue to remain in effect, the call option exercised by the qualified designees will terminate and the amendments to the call and put option agreement set forth in the amendment will be deemed null and void (i.e., the purchase price for the KXOS-FM station assets will revert to U.S.\$110 million).

Other than the foregoing, the only material contracts entered into by the Company in the two-year period before this filing has been entered into in the ordinary course of business.

## EXCHANGE CONTROLS

Mexico has had a free market for foreign exchange since 1991, and the government has allowed the peso to float freely against the U.S. dollar since December 1994. There can be no assurance that the government will maintain its current foreign exchange policies. The Mexican Ministry of Finance announced on June 16, 2010 certain restrictions applicable to Mexican financial institutions, which limit their ability to purchase U.S. dollars (in cash) from the public. See Item 3, "Key Information—Exchange Rate Information."

## TAXATION

The following summary contains a description of the principal U.S. federal income and Mexican federal tax consequences of the purchase, ownership and disposition of CPOs or ADSs by a holder that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income tax on a net income basis in respect of the CPOs or ADSs (a “U.S. holder”), but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to an investment in CPOs or ADSs. In particular, this summary deals only with U.S. holders that will hold CPOs or ADSs as capital assets and does not address the tax treatment of U.S. holders that are subject to special tax rules, that own or are treated as owning 10% or more of the voting shares (including CPOs) of the Company or that may have acquired Series A Shares issued by the Company. This summary also includes a limited description of certain U.S. federal income tax consequences with respect to non-U.S. holders.

The summary is based upon tax laws of the United States and Mexico as in effect on the date of this Annual Report, which are subject to change. Holders of CPOs or ADSs should consult their own tax advisers as to the U.S., Mexican or other tax consequences of the purchase, ownership and disposition of CPOs or ADSs, including, in particular, the effect of any foreign, state or local tax law.

In general, for U.S. federal tax purposes, and for purposes of the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion and the Protocols thereto (the "Tax Treaty") between the United States and Mexico, entered into force on January 1, 1994, holders of CPOs or ADSs will be treated as the beneficial owners of the Series A Shares represented by those CPOs or ADSs.

#### Taxation of Dividends

#### Mexican Tax Considerations

During 2012, there will be no Mexican income or withholding tax levied on holders of the CPOs or ADSs who are non-residents of Mexico for tax purposes (as described below) on dividends paid, either in cash or in any other form, by the Company.

For purposes of Mexican taxation, an individual is considered to be a resident of Mexico if he or she has established a home in Mexico. However, if such individual has a home in a foreign country as well, he or she will be considered a resident of Mexico if his or her center of vital interests is located in Mexico. An individual is deemed to have his or her center of vital interests in Mexico if (i) more than 50% of the individual's aggregate annual income is derived from Mexican sources, or (ii) the individual's main center of professional activities is located in Mexico. A Mexican citizen is presumed to be a resident of Mexico for tax purposes unless such individual can demonstrate otherwise.

A legal entity is considered to be a resident of Mexico for tax purposes if its principal administrative office is located in Mexico.

#### U.S. Tax Considerations

The gross amount of any dividends paid with respect to the Series A Shares represented by CPOs or ADSs, to the extent paid out of the Company's current or accumulated earnings and profits, as determined for U.S. tax purposes, generally will be includible in the gross income of a U.S. holder as ordinary income on the day on which the dividends are received by the CPO Trustee and will not be eligible for the dividends received deduction allowed to corporations under the Internal Revenue Code of 1986, as amended (the "Code"). Dividends, which will be paid in pesos, will be includible in the income of a U.S. holder in a U.S. dollar amount calculated in general by reference to the exchange rate in effect on the day they are received by the CPO Trustee. U.S. holders should consult their own tax advisors regarding the treatment of foreign currency gain or loss, if any, on any pesos received that are converted into U.S. dollars on a date after the date of receipt by the CPO Trustee.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual before January 1, 2013 with respect to the ADSs will be subject to taxation at a maximum rate of 15% if the dividends are “qualified dividends.” Dividends paid on the ADSs will be treated as qualified dividends if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) the Company was not, in the year before the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company for U.S. federal income tax purposes (a “PFIC”). The ADSs are listed on the New York Stock Exchange, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on the Company’s audited financial statements and relevant market and shareholder data, the Company believes that it was not treated as a PFIC for U.S. federal income tax purposes with respect to its 2010 or 2011 taxable year. In addition, based on the Company’s audited financial statements and its current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, the Company does not anticipate becoming a PFIC for its 2012 taxable year. The U.S. Treasury has announced its intention to promulgate rules pursuant to which holders of ADSs or common stock and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because such procedures have not yet been issued, it is not clear whether the Company will be able to comply with them. Holders of ADSs or CPOs should consult their own tax advisers regarding the availability of the reduced dividend tax rate in the light of their own particular circumstances.

A holder of CPOs or ADSs that is, with respect to the United States, a foreign corporation or nonresident alien individual (a “non-U.S. holder”) generally will not be subject to U.S. federal income or withholding tax on dividends received on CPOs or ADSs, unless such income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, to the extent required by an applicable tax treaty, is attributable to a permanent establishment of such non-U.S. holder in the United States).

## Taxation of Capital Gains

### Mexican Tax Considerations

Gains obtained during 2012 on the sale or other disposition of ADSs by holders who are non-residents of Mexico for tax purposes, will generally not be subject to Mexican income or withholding tax. Deposits of CPOs in exchange for ADSs and withdrawals of CPOs in exchange for ADSs will not give rise to any Mexican tax or transfer duties.

Income generated on the sale of CPOs during 2012 by individuals or legal entities that are non-resident of Mexico for tax purposes through the Mexican Stock Exchange or any other stock exchange or securities market in Mexico that is recognized by the Mexican Ministry of Finance, are generally exempt from Mexican taxes.

The tax exemption described in the previous paragraph will not be applicable to pre-negotiated trades executed through the Mexican Stock Exchange, which preclude the holders’ acceptance of offers more competitive than those received prior to and during the period in which they are offered for sale. The exemption will not be applicable in the case of a person or group of persons that, directly or indirectly, holds 10% or more of the shares representing our capital stock, or that holds a controlling interest in us, if in a 24-month period, a sale of 10% or more of our fully paid shares, or of a controlling interest in us, is carried out through one or several simultaneous or successive transactions, including those carried out through derivative instruments or other similar transactions. In addition, the exemption will not be applicable in the case of transfer of controlling interest over a corporation by an individual or group of individuals through one or more simultaneous or consecutive transactions during a 24-month period, including derivative instruments or other similar transactions.

If the abovementioned requirements are not met, capital gains realized on the disposition of CPOs by a U.S. holder who is eligible for tax benefits under the Tax Treaty, generally will not be subject to Mexican tax, unless such gains are attributable to a permanent establishment of such U.S. holder in Mexico or if the U.S. holder owned, directly or indirectly, 25% or more of the issuer’s capital stock within the 12-month period preceding such sale or other disposition.

Exemption under the Tax Treaty requires that the U.S. holder appoint a legal representative in Mexico for income tax purposes prior to the sale and provide such a representative with a U.S. tax residence certificate issued by the U.S. Internal Revenue Service, corresponding to the same tax year in which the income is obtained. Additionally, the U.S. holder must file a notice with the Mexican tax authorities within 30 days after the appointment has been made.

Gains on sales or other dispositions of CPOs made in circumstances other than those described above, generally would be subject to Mexican tax, regardless of the nationality or residence of the transferor.

#### U.S. Tax Considerations

Gain or loss realized by a U.S. holder on the sale or other disposition of CPOs or ADSs will be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's tax basis in the ADSs or the CPOs. Gain, if any, realized by a U.S. holder on the sale or other disposition of CPOs or ADSs generally will be treated as U.S. source income for U.S. foreign tax credit purposes. Consequently, if a Mexican withholding tax is imposed on the sale or disposition of CPOs or ADSs, a U.S. holder that does not receive significant foreign source income from other sources may not be able to derive effective U.S. foreign tax credit benefits in respect of these Mexican taxes. U.S. holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, CPOs or ADSs.

Gain or loss realized by a U.S. holder on such sale, redemption or other disposition generally will be long-term capital gain or loss if, at the time of disposition, the CPOs or ADSs have been held for more than one year. The net amount of long-term capital gain recognized by an individual holder is taxed at a reduced rate. The deduction of capital losses is subject to limitations under the Code.

Deposits and withdrawals of CPOs by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes. Such an exchanging U.S. holder will have a tax basis in the securities received equal to the basis such holder had in the exchanged securities. A U.S. holder's holding period for securities received in such an exchange will include the holding period such U.S. holder had in the securities before such exchange.

A non-U.S. holder of CPOs or ADSs will not be subject to U.S. federal income or withholding tax on gain realized on the sale of CPOs or ADSs, unless (i) such gain is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States (and, to the extent required by an applicable tax treaty, is attributable to a permanent establishment of such non-U.S. holder in the United States), or (ii) in the case of gain realized by an individual non-U.S. holder, the non-U.S. holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

#### Other Mexican Taxes

There are no inheritance, gift, succession or value added taxes applicable to the ownership, transfer, exchange or disposition of CPOs or ADSs by holders that are non-residents of Mexico for tax purposes. There are no Mexican stamp, issue, registration or similar taxes or duties payable by holders of CPOs or ADSs.

Unless it can be proved that the services were not utilized in Mexico, commissions paid in brokerage transactions for the sale of CPOs on the Mexican Stock Exchange are subject to a value added tax rate of 16%.

The Single Rate Business Tax Law establishes that individuals and legal entities deemed as Mexican residents for tax purposes, as well as foreign residents with a permanent establishment in Mexico, are obligated to pay this tax, regardless of where the income is generated, on revenues obtained from engaging in the following activities: (i) transfer of goods; (ii) rendering of independent services; and (iii) granting of temporary use or enjoyment of goods.

In accordance with the Single Rate Business Tax Law, the sale or other disposition of CPOs by holders who are non-residents of Mexico for tax purposes are not considered as taxable transactions.



Additionally, in accordance with the Single Rate Business Tax Law, dividends (either in cash or in any other form) earned by the abovementioned holders are also not deemed as taxable income for purposes of this tax.

#### U.S. Backup Withholding Tax and Information Reporting Requirements

In general, information reporting requirements will apply to payments by a paying agent within the United States (or through certain U.S.-related financial intermediaries) to a non-corporate (or other non-exempt) U.S. holder of dividends in respect of the CPOs or ADSs or the proceeds received on the sale or other disposition of the CPOs or ADSs, and a backup withholding tax may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number to the paying agent. Amounts withheld as backup withholding tax will be allowed as a refund or will be creditable against the U.S. holder's U.S. federal income tax liability, provided that the required information is properly furnished to the U.S. Internal Revenue Service.

## DOCUMENTS ON DISPLAY

Grupo Radio Centro is subject to the information requirements of the Exchange Act. In accordance with these requirements, Grupo Radio Centro files reports, including annual reports on Form 20-F, and other information with the SEC. These materials, including this Annual Report, and the exhibits thereto, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E, Room 1580, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Any materials filed by Grupo Radio Centro may also be read and copied at the SEC's regional office at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. As a foreign private issuer, Grupo Radio Centro has been required to make filings with the SEC by electronic means since November 2002. Any filings the Company makes electronically will be available to the public over the Internet at the SEC's website at <http://www.sec.gov> and Grupo Radio Centro's website at <http://www.grc.com.mx>. (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be, incorporated into this Annual Report.)

### **Item 11. Quantitative and Qualitative Disclosures About Market Risk**

The Company is exposed to market risk from changes in currency exchange rates.

#### **Foreign Currency Exchange Risk**

The Company's principal foreign currency exchange risk involves changes in the value of the peso relative to the U.S. dollar. For the year ended December 31, 2011, the Company had net foreign currency exposure of U.S.\$ 11.2 million, of which (i) U.S.\$ 0.44 million were short-term U.S. dollar-denominated bank deposits, (ii) U.S.\$ 3.0 million consisted in foreign currency debt, and (iii) U.S.\$ 8.2 million in lease obligations. The Company did not acquire any instruments for trading purposes during the year ended December 31, 2011. See Note 22.6 to the Consolidated Financial Statements.

Decreases in the value of the peso relative to the U.S. dollar will increase the cost in pesos of the Company's foreign currency denominated costs and expenses and of any obligation of the Company with respect to any foreign currency denominated liabilities. The Company generally does not hedge or enter into derivative transactions with respect to its foreign currency exposure.

A hypothetical and unfavorable 10% change in the currency exchange rate would result in total additional operating expenses of approximately Ps. 15.7 million in 2011.

Item 12. Description of Securities Other than Equity Securities

Item 12A. Debt Securities

Not applicable.

Item 12B. Warrants and Rights

Not applicable.

Item 12C. Other Securities

Not applicable.

Item 12D. American Depositary Shares

Citibank, N.A. serves as the Depositary for our ADSs. Holders of our ADSs are required to pay various fees to the Depositary, and the Depositary may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADS holders are required to pay the Depositary amounts in respect of expenses incurred by the Depositary or its agents on behalf of ADS holders, including expenses arising from compliance with applicable law, taxes or other governmental charges, cable, telex and facsimile transmission, or conversion of foreign currency into U.S. dollars. The Depositary may decide in its sole discretion to seek payment by either billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADS holders are also required to pay additional fees for certain services provided by the Depositary, as set forth in the table below.

Depositary service	Fee payable by ADS holders
Issuance and delivery of ADSs, including in connection with stock dividends	Up to U.S.\$ 5.00 per 100 ADSs (or portion thereof)
Withdrawal or surrender of ADSs	Up to U.S.\$ 5.00 per 100 ADSs (or portion thereof)
Cash distributions	Up to U.S.\$ 2.00 per 100 ADSs (or portion thereof)

Direct and indirect payments by the Depositary

The Depositary does not make any direct or indirect payments to us.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Material Modifications to Security Holders' Rights

None.

Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

A. Disclosure Controls and Procedures

We have evaluated, with the participation of our chief executive officer and chief financial officer, the effectiveness of our disclosure controls and procedures as of December 31, 2011. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our chief executive

officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

**B. Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our evaluation under the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, our management concluded that our internal control over financial reporting was effective as of December 31, 2011.

Galaz, Yamazaki, Ruiz Urquiza, S.C. (“Deloitte”), an independent registered public accounting firm, that has audited our financial statements, has issued an attestation report on the effectiveness of our internal control over financial reporting.

**C. Report of Independent Registered Public Accounting Firm to the Board of Directors and Stockholders’ of the Company**

We have audited the internal control over financial reporting of the Company as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.



We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2011 of the Company and our report dated February 15, 2012 expressed an unqualified opinion on those consolidated financial statements and includes explanatory paragraphs relating to (i) the adoption of International Financial Reporting Standards for the year ended December 31, 2011 and (ii) that our audit also comprehended the translation of Mexican peso amounts into U.S. dollar amounts in conformity with the basis stated in Note 2 to such consolidated financial statements.

Galaz, Yamazaki, Ruiz Urquiza, S. C.

Member of Deloitte Touche Tohmatsu Limited

C. P. C. Erick J. Calvillo Rello

February 15, 2012

#### **D. Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting during 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **Item 16A. Audit Committee Financial Expert**

Our board of directors has determined that Luis de la Fuente Baca qualifies as an “audit committee financial expert” and as independent, as independence is defined under the Mexican Securities Market Law and the rules of the NYSE that are applicable to foreign private issuers. Mr. de la Fuente Baca acquired his expertise by serving as the chief executive officer and chief financial officer of various Mexican corporations over the last 30 years. See Item 6. “Directors, Senior Management and Employees—Directors—Audit Committee

#### **Item 16B. Code of Ethics**

We have adopted a code of ethics, as defined in Item 16B of Form 20-F under the Exchange Act. Our code of ethics applies to our chief executive officer, chief financial officer and principal accounting officer or persons performing similar functions. Our code of ethics is available on our website at <http://www.grc.com.mx>. (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be, incorporated into this Annual Report.) If we amend the provisions of our code of ethics that apply to our chief executive officer, chief financial officer, principal accounting officer or persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website at the same address.

#### Item 16C. Principal Accountant Fees and Services

##### Audit Fees

The following table sets forth the fees billed to us by our independent registered public accounting firms, BDO Hernández Marrón y Cía., S.C. (“BDO HM”) and Deloitte, for the fiscal years ended December 31, 2010 and 2011:

	Year ended December 31,	
	2011	2010
	(in thousands)	
BDO HM Audit fees	Ps. –	Ps. 1,500
Deloitte Audit fees	Ps. 1,900	–

Audit fees in the above table are the aggregate fees billed by each of BDO HM and Deloitte in connection with the audit of our financial statements and statutory and regulatory audits. Neither BDO HM nor Deloitte has billed us for fees related to any other services.

#### Audit Committee Approval Policies and Procedures

Our audit committee has not established pre-approval policies and procedures for the engagement of our independent auditors for services. Our audit committee expressly approves on a case-by-case basis any engagement of our independent auditors for audit and non-audit services provided to our subsidiaries or to us.

#### Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

#### Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company did not make any purchases of its equity securities in 2011.

#### Item 16F. Change in Registrant's Certifying Accountant.

On and effective as of January 1, 2011, BDO HM was dismissed as the Company's independent auditor. On February 28, 2011, the Company's Board of Directors and Audit Committee resolved to appoint Galaz, Yamazaki, Ruiz Urquiza, S. C. a member firm of Deloitte Touche Tohmatsu, Limited, as its external auditor beginning with the fiscal year ending December 31, 2011.

BDO HM's report on the Company's consolidated financial statements for the year ended December 31, 2010 did not contain any adverse opinion or disclaimer of opinion, or qualification or modification as to uncertainty, audit scope, or accounting principles.

During the fiscal year ended December 31, 2010, there were no disagreements with BDO HM on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure that if not resolved to the satisfaction of BDO HM would have caused BDO HM to make references to the subject matter of the disagreements in connection with any report.

Deloitte's report on the Company's consolidated financial statements for the year ended December 31, 2011 did not contain any adverse opinion or disclaimer of opinion, or qualification or modification as to uncertainty, audit scope, or accounting principles.

During the fiscal year ended December 31, 2011, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure that if not resolved to the satisfaction of Deloitte would have caused Deloitte to make references to the subject matter of the disagreements in connection with any report.

#### Item 16G. Corporate Governance.

##### Significant Differences between New York Stock Exchange Corporate Governance Standards and our Corporate Governance Practices

On November 4, 2003, the NYSE established new corporate governance rules applicable to listed companies. These rules, and the amendments thereto, are codified in Section 303A of the NYSE's Listed Company Manual. Under these rules, foreign private issuers are subject to a more limited set of corporate governance requirements than U.S. domestic issuers. As a foreign private issuer, pursuant to Rule 303A.11 of the Listed Company Manual of the NYSE, we must provide a brief description of any significant difference between our corporate governance practices and those followed by U.S. companies in accordance with the NYSE listing standards.

The table below discloses the significant differences between our corporate governance practices and the NYSE rules. See Item 6, “Directors, Senior Management and Employees—Directors.”

Section of the NYSE Listed Company Manual	New York Stock Exchange Corporate Governance Rules for Domestic Issuers	Our Corporate Governance Practices
<b>Director Independence</b>		
303A.01	<p>Majority of board of directors must be independent. “Controlled companies,” which would include our company if it were a U.S. issuer, are exempt from this requirement. A controlled company is one in which more than 50% of the voting an individual, group holds power or another company, rather than the public.</p>	<p>Pursuant to our bylaws, our shareholders are required to appoint a board of directors of between seven and 21 members, of whom at least 25% must be independent.</p> <p>In accordance with the Securities Market Law, our general shareholders’ meeting is required to make a determination as to the independence of our directors, though such determination may be challenged by the CNBV. There is no exemption from the independence requirement for controlled companies.</p>
<b>Executive Sessions</b>		
303A.03	<p>Non-management directors must meet regularly without management in executive sessions over which a non-management director must preside. The name of the non-management director presiding at all such sessions (or the procedure by which one is selected for each session) must be disclosed in the company’s proxy (or, if no proxy is filed, its Form 10-K / annual report). Independent directors should meet alone in an executive session at least once a year.</p>	<p>There is no similar requirement under our bylaws or applicable Mexican law.</p>
<b>Nominating/Corporate Governance Committee</b>		
303A.04	<p>Nominating/corporate governance committee of independent directors is required. The committee must have a charter specifying the purpose, duties and annual evaluation procedures of the committee. “Controlled companies,” which would include our company if it were a</p>	<p>We currently do not have a nominating/corporate governance committee.</p>

U.S. issuer, are exempt from these requirements.

As required under the Mexican Securities Market Law, we have formed a corporate practices committee.

· The committee is composed of directors who are appointed by either the board of directors after nomination by its chairman or by the shareholders at the general shareholders' meeting.

Section of  
the NYSE  
Listed  
Company  
Manual

New York Stock Exchange Corporate  
Governance Rules for Domestic Issuers

### Our Corporate Governance Practices

· Currently, all members of our corporate practices committee are independent as defined under the Mexican Securities Market Law and Rule 10A-3.

· The chairman of the committee is appointed and removed exclusively by the shareholders at the general shareholders' meeting.

· Pursuant to our bylaws and to Mexican law, the chairman of our corporate practices committee submits an annual report regarding its activities to our board of directors, which in turn presents the report to our shareholders at the general shareholders' meeting.

### Compensation Committee

303A.05

Compensation committee of independent directors is required, which must approve CEO compensation and offer recommendations to the board concerning non-CEO executive officer compensation. The committee must have a charter specifying the purpose, duties and evaluation procedures of the committee.

Our bylaws require that our directors' compensation be determined by the shareholders at the general shareholders' meeting.

The board of directors is authorized to approve the compensation policies for the CEO and other executive officers.

Section of  
the NYSE  
Listed  
Company  
Manual

New York Stock Exchange Corporate  
Governance Rules for Domestic Issuers

Our Corporate Governance Practices

Audit Committee

We have been required to comply with Rule 10A-3 since July 31, 2005 and have formed an audit committee that satisfies the requirements of Rule 10A-3. The audit committee is not required to satisfy the NYSE independence and other audit committee standards that are not prescribed by Rule 10A-3.

303A.06 Audit committee satisfying the  
303A.07 independence and other requirements of  
Rule 10A-3 under the Securities  
Exchange Act of 1934, as amended and  
the more stringent requirements under  
the NYSE standards is required.

· The audit committee is composed of directors who are appointed by either the board of directors after nomination by its chairman or by the shareholders at the general shareholders' meeting.

· All members of the audit committee are independent as defined by the Securities Market Law and Rule 10A-3.

· The chairman of the audit committee is appointed and removed exclusively by the shareholders at the general shareholders' meeting and submits an annual report regarding the activities of the committee to the board of directors, which in turn presents the report to the shareholders at the general shareholders' meeting.

Equity Compensation Plans

303A.08 Equity compensation plans, and  
material amendments thereto, require  
shareholder approval, subject to limited  
exemptions.

Under Mexican law, shareholder approval is required for the adoption and amendment of an equity compensation plan. We do not currently have an equity compensation plan.

Code of Ethics

303A.10 Corporate governance guidelines and a  
code of business conduct and ethics are  
required, with disclosure of any waiver  
for directors or executive officers.

We have adopted a code of ethics applicable to our chief executive officer, chief financial officer and principal accounting officer or persons performing similar functions. We must disclose any waivers granted to such persons. A copy of



our code of ethics is available on our website at  
[www.radiocentro.com.mx](http://www.radiocentro.com.mx).

Section of  
the NYSE  
Listed  
Company  
Manual

New York Stock Exchange Corporate  
Governance Rules for Domestic Issuers

Our Corporate Governance Practices

Certification Requirements

303A.12

CEO must (1) certify annually that unaware of any violation of the NYSE corporate governance listing standards and (2) notify the NYSE in writing after any executive officer becomes aware of any material non-compliance with NYSE corporate governance standards. An annual Written Affirmation (as well as interim Written Affirmations in certain circumstances) must be executed and submitted to the NYSE in the form it prescribes.

Mexican securities regulations require us to submit annually to the CNBV a report and certification of the chairman and secretary of our board of directors regarding the degree of our compliance with the provisions of the Mexican Code of Best Corporate Practices.

The NYSE rules require that we execute and submit an annual Written Affirmation (as well as interim Written Affirmations in certain circumstances) to the NYSE in the form it prescribes and that our CEO notify the NYSE in writing after any executive officer becomes aware of any material non-compliance with NYSE corporate governance standards.

PART III

**Item 17. Financial Statements**

Not applicable.

**Item 18. Financial Statements**

See pages F-1 through F-52, incorporated by reference herein.

**Item 19. Exhibits**

Documents filed as exhibits to this Annual Report:

(a) List of Financial Statements

	Page
Consolidated Financial Statements of Grupo Radio Centro, S.A.B. de C.V. for the Years Ended December 31, 2011 and 2010	
Report of independent registered public accounting firm	F-1
Consolidated statements of financial position as of December 31, 2011 and 2010	F-3
Consolidated statements of comprehensive income for the years ended December 31, 2011 and 2010	F-4
Consolidated statements of changes in stockholders' equity for the years ended December 31, 2011 and 2010	F-6
Consolidated statements of cash flows for the years ended December 31, 2011 and 2010	F-7
Notes to the consolidated financial statements as of and for the years ended December 31, 2011 and 2010	F-8 to F-52

All other supplemental schedules relating to the Company are omitted because they are not required or because the required information, where material, is contained in the Consolidated Financial Statements or Notes thereto.

(b)List of Exhibits

Charter ( <i>Escritura Constitutiva</i> ), together with an English translation <sup>(a)</sup>	1.1
Amended and Restated Bylaws of Grupo Radio Centro, S.A.B. de C.V., dated December 16, 2009, filed as an English translation <sup>(o)</sup>	1.2

Deposit Agreement, dated June 30, 1993, among Grupo Radio Centro, S.A. de C.V., Citibank N.A. and holders from time to time of American Depositary Receipts issued thereunder, including the form of American Depositary Receipt <sup>(d)</sup>	2.1
Amended and Restated Controlling Trust Agreement, No. F/23020-1, dated April 24, 1992, with amendments dated September 2, 1992, May 18, 1993, September 14, 1993, May 25, 1999 and April 5, 2000 between certain members of the Aguirre family and Bancomer, S.A., as trustee, together with an English translation <sup>(b)</sup>	3.1
Trustee Substitution Agreement with respect to the Amended and Restated Controlling Trust Agreement of Trust F/632 (formerly Trust No. F/23020-1), dated June 15, 2007, between certain members of the Aguirre family, Bancomer, S.A., as the old trustee and IXE Banco, S.A., as the new trustee, filed as an English translation <sup>(l)</sup>	3.2
Trust Agreement, No. F/29307-6, dated June 3, 1998, among certain principal shareholders of Grupo Radio Centro, S.A. de C.V., together with an English translation <sup>(c)</sup>	3.3
Trustee Substitution Agreement with respect to the Trust Agreement of Trust F/633 (formerly Trust No. F/29307-6), dated June 3, 1998, among certain principal shareholders of Grupo Radio Centro, S.A. de C.V., Bancomer, S.A., as the old trustee and IXE Banco, S.A., as the new trustee, filed as an English translation <sup>(m)</sup>	3.4
Trust Dissolution Agreement with respect to Trust F/633, dated June 18, 2007, between certain members of the Aguirre family and IXE Banco, S.A., as trustee, filed as an English translation <sup>(l)</sup>	3.5
Amended and Restated CPO Trust Agreement, dated as of June 27, 2003, between GE Capital Bank S.A., Institución de Banca Múltiple, GE Capital Grupo Financiero, as CPO Trustee, and Grupo Radio Centro, S.A. de C.V., filed as an English translation <sup>(h)</sup>	3.6
Amended and Restated Public Deed, dated as of June 27, 2003 (the “Amended and Restated CPO Deed”), filed as an English translation <sup>(h)</sup>	4.1
Modifying Agreement, dated December 14, 1998, between Grupo Radio Centro, S.A. de C.V. and Comercializadora Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995 with respect to XHFO-FM, together with an English translation <sup>(e)</sup>	4.2
Modifying Agreement, dated June 29, 2001, between Grupo Radio Centro, S.A. de C.V. and Comercializadora Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995, with respect to XHFO-FM, together with an English translation <sup>(g)</sup>	4.3
Modifying Agreement, dated September 7, 2004, between Grupo Radio Centro, S.A. de C.V. and Comercializadora Siete, S.A. de C.V., modifying Service Agreement, dated October 2, 1995 with respect to XHFO-FM, filed as an English translation <sup>(j)</sup>	4.4
Programming Services Agreement, dated December 23, 1998, among Grupo Radio Centro, S.A. de C.V., Infored and José Gutiérrez Vivó, together with an English translation <sup>(e)</sup>	4.5
Credit Agreement, dated May 16, 2006, among Grupo Radio Centro, S.A. de C.V. as borrower; Radio Centro Publicidad, S.A. de C.V., GRC Publicidad, S.A. de C.V. and GRC Medios, S.A. de C.V., as several obligors; Desarrollos Empresariales, S.A. de C.V., Radiodifusión Red, S.A. de C.V., Inmobiliaria Radio Centro, S.A. de C.V. and Universal de Muebles e Inmuebles, S.A. de C.V., as guarantors; and GE Capital CEF México, S. de	4.6

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R.L. de C.V. and Banco Inbursa, S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa, as creditors, (the “Credit Agreement”), filed as an English translation<sup>(k)</sup>

Amendment to the Credit Agreement, dated May 16, 2008, filed as an English translation<sup>(m)</sup> 4.7

Second Amendment to the Credit Agreement, dated June 4, 2008, filed as an English translation<sup>(m)</sup> 4.8

Third Amendment to the Credit Agreement, dated May 14, 2009, filed as an English translation<sup>(o)</sup> 4.9

Local Marketing Agreement, dated as of April 3, 2009, among KMVN, LLC, KMVN License, LLC, Grupo Radio Centro LA, LLC and Grupo Radio Centro, S.A.B. de C.V.<sup>(n)</sup> 4.10

Put and Call Agreement, dated as of April 3, 2009, among KMVN, LLC, KMVN License, LLC, Grupo Radio Centro LA, LLC and Grupo Radio Centro, S.A.B. de C.V.<sup>(n)</sup> 4.11

First Amendment to Put and Call Agreement, dated as of April 12, 2012, among KMVN, LLC, KMVN License, LLC, Grupo Radio Centro LA, LLC, Grupo Radio Centro, S.A.B. de C.V., 93.9 Holdings, Inc. and 93.9 License, 4.12 LLC<sup>(o)</sup>

List of Subsidiaries of the Company	8.1
Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	12.1
Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	12.2
Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	13.1
Letter from BDO Hernández Marrón y Cía., S.C. Addressed to the SEC <sup>(p)</sup>	15.1

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<sup>(a)</sup> Incorporated by reference to the Company's Registration Statement on Form F-1 (Commission File No. 333-63878) filed on June 4, 1993.

<sup>(b)</sup> Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on December 31, 1993.

<sup>(c)</sup> Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 1998.

<sup>(d)</sup> Incorporated by reference to the Company's Registration Statement on Form F-6 (Commission File No. 333-8224) filed on January 16, 1998.

<sup>(e)</sup> Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 1999.

<sup>(f)</sup> Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on May 9, 2001.

<sup>(g)</sup> Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 24, 2002.

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(h) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2003.

(i) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on July 1, 2004, as amended by amendment filed on July 2, 2004.

(j) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 29, 2005.

(k) Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 30, 2006.

(l) Incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on July 2, 2007.

(m) Incorporated by reference to our Annual Report on Form 20-F (Commission File No. 001-12090) filed on July 30, 2008.

(n) Incorporated by reference to the Form 8-K of Emmis Communications Corporation (Commission File No. 0-23264) filed on April 8, 2009.

(o) Incorporated by reference to the Form 8-K of Emmis Communications Corporation (Commission File No. 000-23264) filed on April 16, 2012.



<sup>(P)</sup> Incorporated by reference to the Company's Annual Report on Form 20-F (Commission File No. 001-12090) filed on June 21, 2011.

Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2011 and 2010, and Report of Independent Registered Public Accounting Firm Dated February 15, 2012

**Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries**

**Report of Independent Registered Public Accounting Firm and Consolidated Financial Statements for 2011 and 2010**

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Report of Independent Registered Public Accounting Firm to the Board of Directors and Stockholders of Grupo Radio Centro, S. A. B. de C. V.

We have audited the accompanying consolidated statements of financial position of Grupo Radio Centro, S. A. B. de C. V. and subsidiaries (the "Company"), as of December 31, 2011 and 2010 and as of January 1, 2010 (date of transition), and the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Radio Centro, S. A. B. de C. V. and subsidiaries as of December 31, 2011 and 2010 and as of January 1, 2010 (date of transition) and the results of their operations and their cash flows for the years ended December 31, 2011 and 2010, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

As mentioned in Note 28, the Company adopted International Financial Reporting Standards as issued by the International Accounting Standards Board for the first time for the year ended December 31, 2011. Such adoption affected the amounts previously reported in the Company's consolidated financial statements which were presented under Mexican Financial Reporting Standards.

Our audits also comprehended the translation of Mexican peso amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 3. The translation of the consolidated financial statement amounts into U.S. dollars and the translation of the financial statements into English have been made solely for the convenience of readers outside Mexico.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2012 expressed an unqualified opinion on the Company's internal control over financial reporting (not presented herein).

Galaz, Yamazaki, Ruiz Urquiza, S. C.

Member of Deloitte Touche Tohmatsu Limited

C. P. C. Erick J. Calvillo Rello

February 15, 2012

(April 25, 2012 with respect to Note 30)

F-2

**Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries**

## Consolidated Statements of Financial Position

As of December 31, 2011 and 2010 and January 1, 2010

**(In thousands of Mexican pesos (Ps.) and in thousands of U. S. dollars (US \$))**

		31/12/2011				
	Note	(Convenience translation; see Note 3)	31/12/2011	31/12/2010	01/01/2010	
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	5	US\$ 8,674	Ps. 121,255	Ps. 143,443	Ps. 175,537	
Recoverable taxes (mainly income tax)		1,459	20,389	-	-	
Broadcasting receivables, net	6	21,541	301,118	308,143	304,701	
Other receivables	7	598	8,365	6,490	6,863	
Prepaid expenses	8	2,512	35,108	32,368	117,996	
Total current assets		34,784	486,235	490,444	605,097	
<b>Non-current assets:</b>						
Property and equipment, net	9	32,655	456,475	438,717	462,460	
Prepaid expenses	8	-	-	-	26,662	
Deferred income taxes	21	-	-	7,239	-	
Intangible and other assets, net	10	382	5,349	6,326	3,873	
Goodwill	11	59,295	828,863	828,863	828,863	
Total non-current assets		92,332	1,290,687	1,281,145	1,321,858	
Total assets		US\$ 127,116	Ps. 1,776,922	Ps. 1,771,589	Ps. 1,926,955	
<b>Liabilities and stockholders' equity</b>						
<b>Current liabilities:</b>						
Current portion of long-term debt	12	US\$ 2,914	Ps. 40,736	Ps. 41,064	Ps. 41,903	
Deferred revenue		7,323	102,365	139,751	175,502	
Accounts payable and accrued expenses		4,034	56,394	57,483	84,230	
Taxes payable	13	2,766	38,672	67,806	46,657	
Total current liabilities		17,037	238,167	306,104	348,292	
<b>Non-current liabilities:</b>						
Long-term debt	12	3,578	50,000	90,000	130,000	
Employee benefits	14	5,739	80,222	79,944	85,965	
Deferred income taxes	21	-	-	-	649	
Total non-current liabilities		9,317	130,222	169,944	216,614	

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Total liabilities		26,354	368,389	476,048	564,906
Contingencies and litigation	24				
Commitments	16 25				
Stockholders' equity:					
Common stock	17	75,827	1,059,962	1,059,962	1,059,962
Reserve for the repurchase of shares		2,145	29,989	29,989	29,989
Retained earnings		22,439	313,667	203,171	305,887
Other comprehensive income		328	4,590	2,105	-
Equity attributable to owners of the Company		100,739	1,408,208	1,295,227	1,395,838
Non-controlling interest		23	325	314	(33,789 )
Total equity		100,762	1,408,533	1,295,541	1,362,049
Total liabilities and stockholders' equity	US\$	127,116	Ps. 1,776,922	Ps. 1,771,589	Ps. 1,926,955

See accompanying notes to consolidated financial statements.

**Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries**

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2011 and 2010

**(In thousands of Mexican pesos (Ps.) and in thousands of U. S. dollars (US \$), except per share data)**

	Notes	31/12/2011 (Convenience translation; see Note 3)	31/12/2011	31/12/2010
<b>Revenues:</b>				
Broadcasting revenue		US\$ 70,722	Ps. 988,598	Ps. 907,925
<b>Expenses:</b>				
Broadcasting expenses, excluding depreciation and amortization	19	51,456	719,294	691,434
Depreciation and amortization		1,786	24,967	23,861
Corporate expenses	19	1,069	14,939	14,939
Other expenses, net	20	4,298	60,077	57,661
<b>Finance costs:</b>				
Interest income		(1 )	(20 )	(446 )
Interest expense		1,280	17,886	26,345
Exchange loss		14	198	217
Net finance costs		1,293	18,064	26,116
Profit before income taxes		10,820	151,257	93,914
Income tax benefit (expense)	21	1,735	24,250	(42,663 )
Profit for the year		12,555	175,507	51,251
<b>Other comprehensive income (loss) items:</b>				
Foreign currency translation		233	3,257	(6,473 )
Net actuarial gains and losses for the year		(77 )	(1,072 )	11,913
Tax effect of net actuarial gains and losses for the year		22	300	(3,335 )
Other comprehensive income for the year		178	2,485	2,105
Total comprehensive income for the year		US\$ 12,733	Ps. 177,992	Ps. 53,356



(continued)

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	Notes	31/12/2011 (Convenience translation; see Note 3)	31/12/2011	31/12/2010
Profit for the year attributable to:				
Owners of the Company	US\$	12,554	Ps. 175,496	Ps. 51,243
Non-controlling interests		1	11	8
	US\$	12,555	Ps. 175,507	Ps. 51,251
Other comprehensive income attributable to:				
Owners of the Company	US\$	178	Ps. 2,485	Ps. 2,105
Non-controlling interests		-	-	-
	US\$	178	Ps. 2,485	Ps. 2,105
Total comprehensive income for the year attributable to:				
Owners of the Company	US\$	12,732	Ps. 177,981	Ps. 53,348
Non-controlling interests		1	11	8
	US\$	12,733	Ps. 177,992	Ps. 53,356
Basic and diluted earnings per share (in pesos)	US\$	0.0771	Ps. 1.0785	Ps. 0.3149

(concluded)

See accompanying notes to consolidated financial statements.

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## Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries

## Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2010

**(In thousands of Mexican pesos (Ps.))**

	Common stock	Reserve for the repurchase of shares	Retained earnings	Other comprehensive income	Noncontrolling interest	Total stockholders' equity
Balances as of January 1, 2010	Ps. 1,059,962	Ps. 29,989	Ps. 305,887	Ps. -	Ps. (33,789 )	Ps. 1,362,049
Dividends declared	-	-	(100,000 )	-	-	(100,000 )
Changes in ownership of subsidiaries – Equity transaction	-	-	(53,959 )	-	34,095	(19,864 )
Total comprehensive income	-	-	51,243	2,105	8	53,356
Balances as of December 31, 2010	1,059,962	29,989	203,171	2,105	314	1,295,541
Dividends declared	-	-	(65,000 )	-	-	(65,000 )
Comprehensive income	-	-	175,496	2,485	11	177,992
Balances as of December 31, 2011	Ps. 1,059,962	Ps. 29,989	Ps. 313,667	Ps. 4,590	Ps. 325	Ps. 1,408,533

See accompanying notes to consolidated financial statements.

Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries

**Consolidated Statements of Cash Flows**

For the years ended December 31, 2011 and 2010

**(In thousands of Mexican pesos (Ps.))**

	31/12/2011	31/12/2010
Cash flows from operating activities:		
Profit before income taxes	Ps. 151,257	Ps. 93,914
Adjustments:		
Depreciation and amortization	24,967	23,861
Employee benefits	3,271	4,060
Exchange loss, net	198	217
Interest income	(20 )	(446 )
Interest expense	17,886	26,345
Working capital adjustments:		
(Increase) decrease in:		
Broadcasting receivables, net	7,025	(3,442 )
Recoverable taxes	(20,389 )	-
Prepaid expenses	(2,740 )	112,290
Other receivables	(1,875 )	-
Deferred revenue	(37,386 )	(35,378 )
Accounts payable and accrued expenses	(2,435 )	(23,780 )
Taxes payable	(8,263 )	19,014
Payments of employee benefits	(9,758 )	(4,300 )
Income tax recovered (paid)	10,618	(59,034 )
Net cash generated by operating activities	132,356	153,321
Cash flows from investing activities:		
Interest received	20	446
Purchases of property and equipment	(41,748 )	(2,571 )
Net cash used in investing activities	(41,728 )	(2,125 )
Cash flows from financing activities:		
Borrowings obtained	-	30,000
Re-payments of borrowings	(40,000 )	(70,000 )
Interest paid	(11,073 )	(16,953 )
Acquisition of non-controlling interest	-	(19,864 )
Dividends paid	(65,000 )	(100,000)
Net cash used in financing activities	(116,073)	(176,817)

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Effects of exchange rate changes on cash flows	3,257	(6,473 )
Net decrease in cash and cash equivalents	(22,188 )	(32,094 )
Cash and cash equivalents at the beginning of year	143,443	175,537
Cash and cash equivalents at the end of year	Ps. 121,255	Ps. 143,443

See accompanying notes to consolidated financial statements.

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Grupo Radio Centro, S. A. B. de C. V. and Subsidiaries

Notes to Consolidated Financial Statements

As of December 31, 2011 and 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010

**((In thousands of Mexican pesos (Ps.) and in thousands of U. S. dollars (US \$), unless otherwise indicated))**

1. General information

Grupo Radio Centro, S. A. B. de C. V. (“Grupo Radio Centro”) and subsidiaries (collectively, the “Company”) is a corporation organized under the laws of Mexico and incorporated on June 8, 1971. The address of its registered office and principal place of business is Constituyentes 1154, 7<sup>th</sup> floor, Mexico City, México.

The Company is a Mexican commercial broadcasting company whose principal line of business is the production and radio broadcasting of musical programs, news and special events. Its revenues are derived primarily from the sale of commercial air time to advertising agencies and business. The Company also operates a radio network in Mexico, under the trade name OIR (*Organización Impulsora de Radio*).

2. Adoption of International Financial Reporting Standards

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and adopted by the Company in 2011. Accordingly, all IFRS, improvements and interpretations that were issued and in effect through December 31, 2011 are included in the accompanying consolidated financial statements.

**Transition to IFRS** - The most recently issued annual consolidated financial statements of the Company (which were for the year ended December 31, 2010) were prepared in accordance with Mexican Financial Reporting Standards (“MFRS”, individually referred to as *Normas de Información Financiera*, or “NIFs”). MFRS differs in certain respects from IFRS. Accordingly, certain adjustments and transition rules have been applied to the 2010 figures previously reported under MFRS in order for them to comply with IFRS. The Company’s date of transition, which is defined as the beginning of the earliest period for which the Company is presenting comparative information, is January 1, 2010.

As the accompanying financial statements are the Company's initial financial statements prepared in accordance with IFRS, they include the application of IFRS 1, *First Time Adoption of International Financial Reporting Standards*, and the related transition requirements. IFRS 1 generally requires retrospective application of all IFRS and related improvements and interpretations. However, IFRS 1 requires certain mandatory exceptions and permits other optional exemptions from retrospective application in order to assist entities in the transition process.

The Company has applied the following mandatory exception to the retrospective application of IFRS as required by IFRS 1:

Accounting estimates – Accounting estimates made under MFRS in 2010 are consistent with estimates under IFRS made for the same periods and, accordingly, are not retrospectively modified.

The Company has also applied the following voluntary exemptions from retrospective application of IFRS as permitted by IFRS 1:

Business combinations under IFRS 3 (2008) – The Company chose to apply IFRS 3 (2008) as of its transition date to IFRS (January 1, 2010). Accordingly, business combinations effected prior to such date were not accounted for under IFRS 3 (2008). Consistent with this optional exemption, the carrying amount of goodwill at the date of transition is its carrying amount under MFRS and, accordingly, the Company did not remove the cumulative effects of inflation through December 31, 2007.

Employee Benefits – The Company elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRS. The Company applied this exemption to all of its plans.

Under IAS 21, The Effects of Changes in Foreign Exchange Rates, entities must (i) recognize some translation differences in other comprehensive income and accumulate these in a separate component of equity; and (ii) on disposal of a foreign operation, reclassify the cumulative translation difference for that foreign operation (including, if applicable, gains and losses on related hedges) from equity to profit or loss as part of the gain or loss on disposal. However, a first-time adopter need not comply with this requirement for cumulative translation differences that existed at the date of transition to IFRS. If a first-time adopter uses this exemption: (i) the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS, and (ii) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRS and shall include later translation differences. The Company applied this exemption to its financial statements at the transition date and will account for such effects prospectively.

Fair Value or revaluation – In accordance with IFRS 1, an entity may elect to measure an item of property, plant and equipment at the date of transition to IFRS at its fair value and to use that fair value as its deemed cost at that date. A first-time adopter may elect to use a revaluation of property, plant and equipment and intangible assets based on its previous accounting principles at, or before, the date of transition to IFRS as deemed cost at the date of revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to (i) fair value; or (ii) cost or depreciated cost in accordance with IFRS, adjusted to reflect, for example, changes in a general or specific price index. The Company elected to use the deemed cost exemption for its property and equipment and, accordingly, the attributed cost at the transition date was the restated amount (i.e., including the effects of inflation through December 31, 2007) of property and equipment as determined under MFRS at December 31, 2009.

The required reconciliations of equity and total comprehensive income, as well as a description of the differences between MFRS and IFRS as they apply to the Company are discussed in Note 28.

### 3. Significant accounting policies

The principal accounting policies followed by the Company in the preparation of its financial consolidated statements are summarized below:

#### **3.1 Cash equivalents**



The Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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**3.2 Basis of preparation**

The consolidated financial statements have been prepared on historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Mexican peso is the currency of presentation of these financial statements.

Solely for convenience of readers, Mexican peso amounts included in the consolidated financial statements have been translated into U.S. dollar amounts at the rate of 13.9787 Mexican pesos per U.S. dollar, which is the exchange rate for Mexican pesos on December 31, 2011, as published by the Central Bank of Mexico. This translation should not be construed as a representation that the Mexican peso amounts have been, could have been or could, in the future, be converted into U.S. dollars at this rate or any other rate.

**3.3*****Basis of consolidation***

The consolidated financial statements include the financial information of Grupo Radio Centro and those of the subsidiaries over which Grupo Radio Centro exercises “control”, with “control” defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Grupo Radio Centro owns approximately 99.9% of most of its subsidiaries, which comprise the following companies held as of the dates indicated below:

Subsidiary	Ownership percentage					
	31/12/11	31/12/10	01/01/10			
Radio stations:						
XEQR, S. A. de C. V.	99.99	%	99.99	%	99.99	%
XERC, S. A. de C. V.	99.99	%	99.99	%	99.99	%
XEEST, S. A. de C. V. (a)	99.99	%	99.99	%	99.99	%
XEQR- FM, S. A. de C. V.	99.99	%	99.99	%	99.99	%
XERC-FM, S. A. de C. V.	99.99	%	99.99	%	99.99	%
XEJP-FM, S. A. de C.V.	99.99	%	99.99	%	99.99	%
XEDKR-AM, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Radio Red, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Radio Red- FM, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Estación Alfa, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Emisora 1150, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Radio Sistema Mexicano, S. A.	99.99	%	99.99	%	99.99	%
Grupo Radio Centro LA., LLC (b)	100.00	%	100.00	%	51.00	%

Marketing companies:

GRC Radiodifusión, S. A. de C.V.	99.99	%	99.99	%	99.99	%
GRC Comunicaciones, S. A. de C. V.	99.99	%	99.99	%	99.99	%

Service companies:

Promotora Técnica de Servicios Profesionales, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Publicidad y Promociones Internacionales, S. A. de C. V.	99.99	%	99.99	%	99.99	%
Promo Red, S. A. de C. V.	99.99	%	99.99	%	99.99	%
To2 México, S. A. de C.V.	99.99	%	99.99	%	99.99	%

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Subsidiary	Ownership percentage					
	31/12/11	31/12/10	01/01/10			
Subholding companies:						
Desarrollos Empresariales, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Riodifusión Red, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Enlaces Troncales, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
To2 México, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Real estate companies:						
Universal de Muebles e Inmuebles, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Inmobiliaria Radio Centro, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Non- operating companies:						
Música, Música, Música, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Promotora de Éxitos, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %
Producciones Artísticas Internacionales, S. A. de C. V.	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %	99.99 %

All intercompany balances and transactions have been eliminated in consolidation.

- a) Radio station managed and operated by Comercializadora Siete de México, S.A. de C.V. a third party.

Grupo Radio Centro LA LLC, a wholly-owned subsidiary of the Company, was incorporated on March 13, 2009 (“GRC-LA”) in accordance with the laws of the state of Delaware in the United States of America to provide programming on KXOS-FM radio pursuant to the LMA (as defined in Note 26) with Emmis Communications Corporation. The main activity of GRC-LA is the operation of the radio station with the call letters KXOS-FM b)(formerly, KMVN-FM) that operates on a frequency of 93.9 FM in Los Angeles, California (see Note 26 for more information). As of December 31, 2010, the Company owned 100% of GRC-LA. On February 26, 2010, capital contributions of US \$ 1,470 (equivalent to Ps. 19,864) were returned to several members of the Aguirre family, the majority shareholders of the Company, which reduced their ownership interest in GRC-LA from 49% to zero. The Company is now the sole shareholder of GRC-LA.

The Company's radio-station operations include the production and broadcasting of musical programs, news, interviews, special events and advertising in Mexico City's metropolitan area and in Los Angeles, California.

The marketing companies of Grupo Radio Centro are responsible for the programming and sale of commercial airtime for broadcast by the Company's radio stations in Mexico City, the metropolitan area, and the interior of the country.

The Company's service companies provide commercial, technical and administrative services to the companies comprising Grupo Radio Centro.

The Company's real estate companies own the land and buildings where the transmission facilities of the Company's radio stations and its commercial companies are located, including the building where the headquarter offices and studios of Grupo Radio Centro are located.

The Company's non-operating companies were incorporated for the purpose of developing new investment projects.

### **3.4 *Changes in the Company's ownership interests in existing subsidiaries***

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

### 3.5

### *Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contract governing such financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### 3.5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of financial instruments and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows expected to be paid or received (including all fees and expenses paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

### **Financial assets**

#### 3.5.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments or payments that may be determined and are not quoted in an active market. Loans and receivables are mainly comprised of broadcasting receivables that are carried at amortized cost.

### 3.5.3 Impairment of financial assets

The Company creates a general reserve for impaired broadcasting receivables equivalent to 0.5% of its broadcasting revenues. Additionally, the Company reviews the outstanding amounts and age of the broadcasting receivables on a client-by-client basis in order to determine the need to create an additional allowance for the recoverability of such receivables.

## **Financial liabilities and equity instruments**

### 3.5.4 Financial liabilities

The Company's financial liabilities, consisting mainly of accounts payable and borrowings, are measured at amortized cost using the effective interest method, described above.

### 3.5.5 Derecognition of financial liabilities

The Company derecognizes financial liabilities only when its obligations are discharged or cancelled or when they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

## **3.6 *Property and equipment***

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the consolidated statement of financial position at their cost and in the case of buildings, less any accumulated depreciation.

Fixtures and broadcasting equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for supply of services or administrative purposes are carried at cost, less any recognized impairment loss. Such properties are transferred to the appropriate categories of property or equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### **3.7**

### ***Intangible assets***

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3.8** *Impairment of tangible and intangible assets other than goodwill*

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest cash-generating unit for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**3.9** *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**3.10**

***Deferred revenue***

Deferred revenue relates to advances from clients which are deposits for future broadcasting services and is recognized as income when the corresponding airtime is broadcast.

The advances are considered income for tax purposes as of the date on which they are received.

**3.11**

***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Company will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.12**

***Employee benefits***

Direct employee benefits are calculated based on the services rendered by employees, considering their most recent salaries. The liability is recognized as it accrues. These benefits include mainly statutory employee profit sharing (“PTU”) payable, compensated absences, such as vacation and vacation premiums, and incentives.

For defined benefit employee benefit plans, the cost of providing benefits is determined using the projected unit credit method. The Company early adopted the 2011 amendments to IAS 19, *Employee Benefits*. Accordingly, changes in defined benefit obligations and in the fair value of plan assets are recognized when they occur. All actuarial gains and losses are recognized immediately through other comprehensive income and prior service cost is recognized in profit or loss in the year when it occurs in order for the net pension liability recognized in the consolidated statement of

financial position to reflect the full value of the plan deficit or surplus.

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Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

**3.13**

***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

**3.13.1**

**Current tax**

Income tax (“ISR”) and the Business Flat Tax (“IETU”) are recorded in the results of the year they are incurred. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.13.2

Deferred tax

In order to recognize deferred income taxes, based on its financial projections, the Company determines whether it expects to incur ISR or IETU. Deferred taxes are then calculated by applying either the ISR or IETU tax rate to temporary differences resulting from comparing the accounting and tax bases of assets and liabilities and including, if any, future benefits from tax loss carryforwards and certain tax credits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recorded only when there is a high probability of recovery. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.13.3

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**3.14**

***Revenue recognition***

Broadcasting revenues are recognized when the corresponding airtime is broadcast.

**3.15**

***Barter transactions***

The Company, from time to time, receives products and services in exchange for advertising airtime. Revenues from barter transactions are generally measured at the fair value of the goods or services received. However, when that amount cannot be measured reliably, revenues from barter transactions are measured based on reference to the fair value of advertising services provided in non-barter transactions.

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Revenues from advertising airtime exchanged is recognized when the advertisement is aired.

Services or goods received in exchange are expensed when consumed by the Company.

### **3.16**

### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### **3.17**

### ***Employee benefits for termination***

Employee benefits for termination are recorded in the results of the year in which they are incurred.

### **3.18**

### ***Foreign currencies***

The Mexican peso is the functional currency of Grupo Radio Centro and all of its subsidiaries except for GRC-LA, which considers the U. S. dollar to be its functional currency and is thus considered to be a “foreign operation” under IFRS. In preparing the financial statements of GRC-LA, transactions in currencies other than its functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates in effect at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of GRC-LA are translated into Mexican pesos using the exchange rates in effect on the last business day of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates in effect on the dates of the transactions are used. Exchange differences arising, if any, are recorded in other comprehensive income and accumulated in equity.

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**3.19**

***Earnings per share***

Basic earnings per common share are calculated by dividing net income of controlling interest by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are determined by adjusting consolidated net income and common shares on the assumption that the Company's commitments to issue or exchange its own shares would be fulfilled.

**3.20**

***Repurchase of treasury shares***

In accordance with Mexico's Securities Market Law, the Company has appropriated retained earnings for a reserve for the repurchase of the Company's shares in order to strengthen the offer and demand of its shares in the stock market. Shares temporarily acquired by the Company that are withdrawn from the market are considered treasury shares. Should these shares not be offered anew to the investing public within one year, they must be cancelled.

**3.21**

***New and revised IFRSs issued but not yet effective***

The accompanying consolidated financial statements do not include application of the following new and revised IFRSs, which have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets
IFRS 9 (as amended in 2010)	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair value measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS12	Deferred Tax – Recovery of Underlying Assets
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

As of the date of these consolidated financial statements the Company does not anticipate that the adoption of these standards will have a significant impact on its consolidated financial statements.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements and application of the Company's accounting policies as mentioned in Note 3, requires management to make estimates and use assumptions to measure certain items of the consolidated financial statements and to provide the appropriate disclosures. However, actual results may differ from such estimates. Management, applying its professional judgment, considers that the estimates made and assumptions used were appropriate under the circumstances.

Estimates and assumptions are reviewed routinely. Changes in estimates are recognized in the period in which such estimates are modified if the effects correspond to that period or in the modification period or future periods if that modification affects both periods.

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#### *4.1 Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### 4.1.1

##### Impairment testing

The Company is required to test for impairment of its long-lived assets in use, including goodwill and other intangible assets, at least on an annual basis. To calculate impairment loss of long-lived assets in use, it is necessary to determine the asset's recovery value. Recovery value is defined as the greater of the net sales price of an asset or cash-generating unit and the asset's or cash-generating unit's use value, which is the present value of estimated future cash flows. The determination of the underlying assumptions related to the recoverability of long-lived assets, including goodwill and other intangible assets, is subjective and requires the exercise of considerable judgment. Any changes in key assumptions about the Company's business and prospects, or changes in market conditions, could result in an impairment charge.

Determining whether goodwill is impaired requires an estimation of the value-in use of the cash-generating units to which goodwill has been allocated. The value-in use calculation requires management to estimate the present value of the future cash flows expected to arise from the cash-generating unit, determined using a suitable discount.

The carrying amount of goodwill as of December 31, 2011 and 2010 was Ps. 828,663.

##### 4.1.2

##### Employee benefits

The costs related to benefits to which employees are entitled as a result of seniority premiums and pension plans or other benefits required by law or offered voluntarily by the Company, are recognized in the results of operations at the time services are rendered by employees, based on the present value of the benefits determined under actuarial estimates.

##### 4.1.3

##### Deferred taxes

Under IFRS, the Company is required to recognize income tax effects of basis differentials between the Company's assets and liabilities for financial accounting and tax reporting purposes.

A deferred income tax asset related to future tax losses carryforwards is recognized in the consolidated financial statements to the extent that it is more likely than not that a future benefit will ultimately flow to the Company. Such estimates are based on management's knowledge of the business as well as projections of future profits, including tax strategies entered into by the Company.

5. Cash and cash equivalents

For purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents as of the dates indicated below were as follows:

	31/12/2011	31/12/2010	01/01/2010
Cash	Ps.47,041	Ps.45,664	Ps.29,248
Cash equivalents	74,214	97,779	146,289
	Ps.121,255	Ps.143,443	Ps.175,537

Cash equivalents mainly consist of fixed rate deposits with maturity dates of less than 90 days.

6. Broadcasting receivables

6.1 Broadcasting receivables as of the dates indicated below are as follows:

	31/12/2011	31/12/2010	01/01/2010
Broadcasting receivables	Ps.303,057	Ps.314,779	Ps.332,110
Allowance for doubtful accounts	(1,939 )	(6,636 )	(27,409 )
Total	Ps.301,118	Ps.308,143	Ps.304,701

6.2 Movement in the allowance for doubtful accounts receivable is as follows:

	31/12/2011	31/12/2010
Balance at beginning of the year	Ps. (6,636 )	Ps. (27,409 )
Increases recognized during the year	(4,245 )	(4,667 )
Amounts written-off during the year as uncollectible	8,942	25,440
Balance at end of the year	Ps. (1,939 )	Ps. (6,636 )

6.3 Client concentration risk

As of December 31, 2011, one of the Company's clients accounted for Ps. 30,555 or 10.8% of the broadcasting receivables balance. The same client accounted for Ps. 30,535 and Ps. 40,158 or 9.7% and 12.1% of the total broadcasting receivables balance as of December 31, 2010 and January 1, 2010, respectively.

7. Other receivables

	31/12/2011	31/12/2010	01/01/2010
Officers and employees	Ps. 3,080	Ps. 1,873	Ps. 3,189
Related parties (1)	5,285	4,617	3,674
	Ps. 8,365	Ps. 6,490	Ps. 6,863

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As of December 31, 2011 and 2010 and January 1, 2010, this amount includes Ps. 1,904, Ps. 2,775 and Ps. 2,441, (1) respectively, for accounts receivable from stockholders for use of the Company's goods and services (See Note 23).

8.	Prepaid expenses		
	31/12/2011	31/12/2010	01/01/2010
Advance short-term lease payments (a)	Ps. -	Ps. 25,538	Ps. 91,617
Prepaid Executive Committee fees	25,038	-	21,715
Prepaid insurance	4,610	4,040	4,076
Other	5,460	2,790	588
	Ps. 35,108	Ps. 32,368	Ps. 117,996

Pursuant to the LMA (as defined in Note 26), the Company agreed to advance US \$14 million (approximately Ps. 200 million) for the first two years of the rent for the use of frequency in which its radio station in Los Angeles, (a) California broadcasts. The portion of this prepayment that as of January 1, 2010 would be recognized as an expense beyond the subsequent 12 months was presented within non-current assets.

## 9. Property and equipment

9.1 The property and equipment balances as of the dates indicated below are as follows:

	31/12/2011	31/12/2010	01/01/2010
Carrying amounts of:			
Land	Ps. 170,815	Ps. 170,815	Ps. 170,815
Buildings	212,995	220,688	229,087
Broadcasting equipment	18,484	10,042	11,622
Studio equipment	4,156	4,904	4,832
Furniture and office equipment	1,101	1,816	2,464
Computer equipment	1,384	2,566	2,349
Vehicles	12,941	16,972	23,370
Leasehold improvements	10,000	9,154	16,161
Construction in process	24,599	1,760	1,760
	Ps. 456,475	Ps. 438,717	Ps. 462,460

9.2

The rollforward of property and equipment is as follows:

Property and equipment	Land	Buildings	Broadcasting equipment	Studio equipment	Furniture and office equipment
Balance as of January 1, 2010	Ps. 170,815	Ps. 392,208	Ps. 149,169	Ps. 141,238	Ps. 41,958
Additions	-	1,344	1,519	1,873	2,324
Disposals	-	-	(6,853 )	(7,722 )	-
Write-offs	-	-	-	-	-
Balance as of December 31, 2010	170,815	393,552	143,835	135,389	44,282
Additions	-	25	7,504	399	139
Disposals	-	-	(1,484 )	(41,994 )	(3,950 )
Write-offs	-	-	-	-	-
Balance as of December 31, 2011	Ps. 170,815	Ps. 393,577	Ps. 149,855	Ps. 93,794	Ps. 40,471

  

	Computer equipment	Vehicles	Leasehold improvements	Construction in process	Total
Balance as of January 1, 2010	Ps. 56,767	Ps. 52,854	Ps. 25,877	Ps. 1,760	Ps. 1,032,646
Additions	1,913	2,956	4,850	-	16,779
Disposals	(293 )	(4,090 )	(10,997 )	-	(29,955 )
Write-offs	-	-	-	-	-
Balance as of December 31, 2010	58,387	51,720	19,730	1,760	1,019,470
Additions	586	6,422	2,074	24,599	41,748
Disposals	(12,548 )	(4,389 )	(576 )	(1,760 )	(66,701 )
Write-offs	-	-	-	-	-
Balance as of December 31, 2011	Ps. 46,425	Ps. 53,753	Ps. 21,228	Ps. 24,599	Ps. 994,517

  

Accumulated depreciation	Land	Buildings	Broadcasting equipment	Studio equipment	Furniture and office equipment
Balance as of January 1, 2010	Ps.	Ps. 163,121	Ps. 137,547	Ps. 136,406	Ps. 39,494
Additions		5,749	2,937	1,803	2,972
Disposals		3,994	(6,691 )	(7,724 )	-
Write-offs		-	-	-	-
Balance as of December 31, 2010		172,864	133,793	130,485	42,466
Depreciation expense		7,718	2,937	1,475	406
Disposals					
Write-offs		-	(5,359 )	(42,322 )	(3,502 )
Balance as of December 31, 2011	Ps.	Ps. 180,582	Ps. 131,371	Ps. 89,638	Ps. 39,370



	Computer equipment	Vehicles	Leasehold improvements	Construction in process	Total
Balance as of January 1, 2010	Ps. 54,418	Ps. 29,484	Ps. 9,716	Ps. -	Ps. 570,186
Depreciation expense	1,892	6,232	860	-	22,445
Disposals	(489 )	(968 )	-	-	(11,878 )
Write-offs	-	-	-	-	-
Balance as of December 31, 2010	55,821	34,748	10,576	-	580,753
Depreciation expense	1,764	8,282	1,095	-	23,677
Disposals					
Write-offs	(12,544 )	(2,218 )	(443 )	-	(66,388 )
Balance as of December 31, 2011	Ps. 45,041	Ps. 40,812	Ps. 11,228	Ps. -	Ps. 538,042

Inmobiliaria Radio Centro, S. A. de C. V. is the owner of the building in which the main executive offices and studios of the Company are located. It also leases a part of such building. Rental income from Maxcom, S. A. de C. V., an unrelated third party, for 2011 and 2010 amounted to Ps. 305 and Ps. 295.

9.3 The estimated useful lives of property and equipment are as follows:

	Years
Buildings	50
Broadcasting equipment	10
Studio equipment	10
Furniture and office equipment	10
Computer equipment	3
Vehicles	4

Leasehold improvements are depreciated over the shorter period of the following: 1) the life of the rental contract (considering options to renew) and 2) their useful life which is estimated to be 20 years.

**10. Intangible and other assets**

Intangible and other assets were as follows:

	31/12/2011	31/12/2010	01/01/2010
Licenses and rights of use	Ps. 3,250	Ps. 4,140	Ps. 1,686

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Accumulated amortization	(1,289 )	(1,202 )	(1,122 )
	1,961	2,938	564
Guarantee deposits made	3,388	3,388	3,309
	Ps. 5,349	Ps. 6,326	Ps. 3,873

The Company's radio-station operations are based on limited-term concessions, subject to renewal, granted by México's Ministry of Communications and Transportation ("SCT"). One of the station concessions granted to the Company will expire in December 2012, nine in July 2016, one in October 2015, one in November 2015 and one in December 2019. The renewal process for concessions in accordance with Mexican Law for Radio and Television requires the Company to file a renewal application at least one year before the expiry date and pay a renewal fee. During 2009, the Company applied for the renewal of its concession that will expire on December 2012. Management believes that such renewal will be granted.

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11.

Goodwill

As a result of the Company's election to use the IFRS 1 exemption with respect to business combinations, as discussed in Note 2, goodwill includes the effects of inflation recognized in goodwill through December 31, 2007, and is comprised of the following:

On May 12, 1995 and January 1996, the Company acquired 33% and 67%, respectively, of the outstanding shares of Radiodifusión Red. As a result of the acquisition the Company recorded goodwill amounting to Ps. 744,868

On December 31, 2001, the Company acquired Radio Sistema Mexicano, S. A. de C. V., which resulted in goodwill amounting to Ps. 37,928.

On March 14, 2001, the Company acquired Palco Deportivo. Com, S. A. de C. V., Palco Shop, S. A. de C. V., Palco Deportivo Multimedia, S. A. de C. V. and Palco Deportivo México, S. A. de C. V. This acquisition resulted in goodwill amounting to Ps. 35,321. On October 1, 2001, these companies were merged with Enlaces Troncales, S. A. de C. V.

On November, 30, 2005 the Company acquired 100% of GRC Radiodifusión, S. A. de C. V. (formerly Aerocer, S. A.), whose business activity is leasing air and ground equipment to Grupo Radio Centro. This acquisition resulted in goodwill amounting to Ps. 8,350.

Tabular presentation of the aforementioned amounts is as follows:

	31/12/2011	31/12/2010	01/01/2010
<i>Resulting from the acquisition of:</i>			
Radiodifusión Red	Ps. 744,868	Ps. 744,868	Ps. 744,868
Radio Sistema Mexicano, S. A.	37,928	37,928	37,928
Enlaces Troncales, S. A. de C. V.	35,321	35,321	35,321
GRC Radiodifusión, S. A. de C. V.	8,350	8,350	8,350
Other	2,396	2,396	2,396
	Ps. 828,863	Ps. 828,863	Ps. 828,863

Goodwill has been allocated for impairment testing purposes to the Mexico broadcasting operating segment, as this represents the lowest level at which Company's management monitors goodwill for internal purposes.

12.

Long-term debt

Long-term debt is represented by the following note payable to Inbursa, S. A., Institución de Banca Múltiple:

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Issue date	Original amount	Annual interest rate	Quarterly amortization	Maturity	31/12/2011	31/12/2010	01/01/2010
March 2009	Ps.200,000	9.5	% Ps 10,000	March, 2014	Ps. 90,736	Ps.131,064	Ps.171,903
Less: Current portion					40,736	41,064	41,903
					Ps. 50,000	Ps.90,000	Ps.130,000

On May 16, 2006, the Company entered into a credit facility with Banco Inbursa S.A., Institución de Banca Múltiple, Grupo Financiero Inbursa for a secured peso-denominated loan in two tranches in an aggregate principal amount of up to US \$21,000. The first, non-revolving tranche is for a peso-denominated amount equivalent to US \$14,000 to be used for capital expenditures and other corporate purposes. The second, revolving tranche is for a peso-denominated amount equivalent to up to US \$7,000 to be used for working capital purposes.

On March 26, 2009, the Company drew down on the first tranche of the credit facility in the amount of Ps. 200,000 (US \$14,000) to finance the prepayment of fees under the LMA (as defined and described in Note 26). Borrowings under the credit facility initially accrued interest at an annual interest rate of 13% through March 18, 2010. On March 18, 2010, the credit facility was amended to provide for an annual interest rate of 9.5%, for which the Company paid fees of Ps. 1,194, which fees were expensed as incurred, as the change in the terms of the credit facility did not result in a substantial modification.

The Company is required to repay the outstanding principal amount drawn down under the credit facility over five years in 20 quarterly installments of Ps. 10,000 beginning June 1, 2009, and make quarterly interest payments thereon. The final payment date is March 1, 2014. Radio Centro Publicidad, S. A. de C. V., GRC Publicidad, S. A. de C. V., GRC Medios, S. A. de C. V., and GRC Comunicaciones S. A. de C. V. are jointly and severally liable for the obligations of Grupo Radio Centro under the credit facility. Certain affiliated companies, Desarrollos Empresariales S. A. de C. V., Radiodifusión Red S. A. de C. V., Inmobiliaria Radio Centro, S. A. de C. V. and Universal de Bienes Muebles e Inmuebles, S. A. de C. V., guarantee the obligations of Grupo Radio Centro under the credit facility.

Any obligations of Grupo Radio Centro under the credit facility are currently secured by a first priority lien on the Company's headquarters building, which is owned directly by Inmobiliaria Radio Centro, S. A. de C. V., and on one home and four properties in different locations in Mexico City and the State of Mexico, which are owned directly by Universal de Bienes e Inmuebles, S. A. de C. V.

On June 1, 2010, the Company borrowed Ps. 30,000 under the second tranche for working capital purposes. On November 9, 2010, the Company repaid this amount; the amount under the second tranche incurred interest at a variable interest rate of the Mexican Interbank Equilibrium Interest Rate (*Tasa de Interes Interbancaria de Equilibrio*)



plus 3%.

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Scheduled maturities of long-term debt as of December 31, 2011 are as follows:

December 31

2012	Ps. 40,736
2013	40,000
2014	10,000

Ps. 90,736

13. Taxes payable

31/12/2011 31/12/2010 01/01/2010

Taxes on wages and salaries	Ps. 7,244	Ps. 6,421	Ps. 5,901
Value-added tax	30,458	44,702	24,349
Income tax	-	15,482	14,651
Other withholdings	970	1,201	1,756
	Ps. 38,672	Ps. 67,806	Ps. 46,657

14. Employee benefit plans

14.1 Defined contribution plans

Pursuant to applicable Mexican law, the Company must make payments equal to 2% of each employee's daily comprehensive salary to a defined contribution plan that is part of the Mexican retirement savings system. The expense in 2011 and 2010 was Ps. 1,870 and Ps. 1,859, respectively.

14.2 Defined benefit plans

The Company operates and funds defined benefit plans for qualifying employees in Mexico. Under the plans employees are entitled to retirement benefits varying between (1) 0.5% of their final monthly salary for each year of service (limited to 30 years of service) on attainment of a retirement age of 65 and (2) 0.5% of their final monthly salary per each year of service (plus a five year premium) on attainment of a retirement age of 60, with a minimum 10 year service period.



The Company is also legally required to pay its employees seniority premium benefits which consist of a lump sum payment of 12 days' wages for each year worked, calculated using the most recent salary, not to exceed twice the legal minimum wage established by law.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2011 by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

14.2.1 Assumptions

	31/12/2011		Valuation at 31/12/2010		01/01/2010	
Discount rates	7.25	%	7.25	%	8.00	%
Expected rates of salary increase	5	%	5.50	%	5.50	%

14.2.2 The net cost of the period in respect of these defined benefit plans are as follows:

	31/12/2011	31/12/2010
Current service cost	Ps. 3,271	Ps. 3,384
Interest on obligation	6,517	6,741
Expected return on plan assets	(525 )	-
Actuarial (gains) losses recognized in the year	772	(11,913 )
	Ps. 10,035	Ps. (1,788 )

Current service cost for the year is included in the employee benefits expense within broadcasting expenses in the consolidated statements of comprehensive income. The net finance cost for the year is included in the interest expense line in the consolidated statements of comprehensive income. Actuarial gains and losses are recognized in other comprehensive income.

14.2.3 The amount included in the consolidated statements of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

31/12/2011 31/12/2010

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Defined benefit obligation	Ps. 89,162	Ps. 84,272
Fair value of plan assets	(8,940 )	(4,328 )
	Ps. 80,222	Ps. 79,944

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14.2.4 Movements in the present value of the defined benefit obligation were as follows:

	31/12/2011	31/12/2010
Opening defined benefit obligation	Ps. 84,272	Ps. 85,965
Current service cost	3,271	4,060
Interest cost	6,517	6,741
Benefits paid directly to employees	(1,960 )	-
Actuarial (gains) losses	95	(11,913 )
Benefits paid from plan assets	(3,033 )	(581 )
Closing defined benefit obligation	Ps. 89,162	Ps. 84,272

14.2.5 Movements in the fair value of the plan assets were as follows.

	31/12/2011	31/12/2010
Opening fair value of plan assets	Ps. 4,328	Ps. -
Expected return on plan assets	525	-
Actuarial gains (losses)	(677 )	-
Contributions from the employer	7,797	4,909
Benefits paid	(3,033 )	(581 )
Closing fair value of plan assets	Ps. 8,940	Ps. 4,328

14.2.6 The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, are as follows:

	31/12/2011	31/12/2010	01/01/2010	31/12/2011	31/12/2010	01/01/2010
Debt instruments	7.25 %	7.25 %	8.00 %	Ps. 8,940	Ps. 4,328	-

## 15. Non-cash transactions

During the years ended December 31, 2011 and 2010, the Company entered into the following non-cash barter transactions, in which airtime was exchanged for the following services, for which reason such transactions are not reflected in the consolidated statements of cash flows:

31/12/2011 31/12/2010

Publicity	Ps. 17,882	Ps. 17,300
Air fare	6,739	7,741
Insurance	3,307	2,451
Vehicles	3,280	1,278
Other	1,169	2,248
	Ps. 32,377	Ps. 31,018

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16. Operating lease arrangements

16.1 The Company as lessee

16.1.1 Leasing arrangements

Operating leases relate to leases of a radio station, broadcasting equipment and building with lease terms of between 1 and 7 years. The Company has an option to purchase some of the leased equipment at the expiry of the lease periods. Leasing arrangements also include the commitments with respect to the LMA (as defined in Note 26).

16.1.2 Payments recognized as an expense

31/12/2011 31/12/2010

Minimum lease payments	Ps. 129,499	Ps. 126,468
Contingent rentals	9,592	8,622
	Ps. 139,091	Ps. 135,090

16.1.3 Non-cancellable operating lease commitments

31/12/2011

Not later than 1 year	Ps. 101,984
Later than 1 year and not later than 5 years	322,546
	Ps. 424,530



17. Stockholder's equity

17.1 Common stock is comprised as follows:

	31/12/2011	31/12/2010	01/01/2010
Common stock	Ps. 1,059,962	Ps. 1,059,962	Ps. 1,059,962

17.2 Outstanding shares

	Number of shares	Share capital
Balance at January 1, 2010	162,724,561	Ps. 1,059,962
Balance at December 31, 2010	162,724,561	Ps. 1,059,962
Balance at December 31, 2011	162,724,561	Ps. 1,059,962

As of December 31, 2011 and 2010, the authorized capital stock of Grupo Radio Centro was 247,414,768 common shares, representing the minimum fixed capital with no withdrawal rights, of which 162,724,561 shares were outstanding and fully paid for and 84,690,207 shares were treasury shares.

The capital stock of Grupo Radio Centro consists of Series A Shares. In addition to Series A Shares, Grupo Radio Centro's bylaws permit the issuance, upon the approval of competent authorities, such as the Ministry of Economy and the Mexican National Banking and Securities Commission, of special series of shares, including those with limited or no voting rights.

Under Grupo Radio Centro's bylaws and the Mexican Securities Market Law, Grupo Radio Centro's capital stock must consist of fixed capital and may also include variable capital. Shares of the Company's fixed capital stock are Class I shares; shares of Grupo Radio Centro's variable capital stock would be classified as Class II shares. As of December 31, 2011, the Grupo Radio Centro's outstanding capital stock consisted only of fixed capital. The fixed portion of Grupo Radio Centro's capital stock may only be increased or decreased by resolution of an extraordinary general meeting of shareholders, whereas the variable portion of Grupo Radio Centro's capital stock may be increased or decreased by resolution of an ordinary or extraordinary general meeting of shareholders. Increases and decreases in the variable portion of the capital stock must be recorded in the consolidated statement of changes in equity.

17.3 Limitations Affecting Non-Mexican Holders

Ownership by non-Mexican investors of shares of Mexican enterprises is regulated by the 1993 Ley de Inversión Extranjera (Foreign Investment Law), as amended, and the 1998 Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras (Foreign Investment Regulations) thereunder. The Secretaría de Economía (Ministry of Economy) and the Comisión Nacional de Inversiones Extranjeras (Foreign Investment Commission) are responsible for the administration of the Foreign Investment Law and the Foreign Investment Regulations.

The Foreign Investment Law reserves certain economic activities exclusively for the state and reserves certain other activities (such as radio broadcasting) exclusively for Mexican individuals or Mexican corporations the bylaws of which contain a prohibition on ownership by non-Mexicans of the corporation's voting shares. However, the Foreign Investment Law allows foreign investors to own non-voting shares, such as the *certificados de participación ordinaria* (ordinary participation certificates or CPOs), of companies subject to foreign investment restrictions.

In addition to the limitations established by the Foreign Investment Law, the Federal Radio and Television Law and the licenses granted by the SCT provide restrictions on ownership by non-Mexicans of shares of Mexican enterprises holding licenses for radio, such as those held by Grupo Radio Centro.

In order to comply with these restrictions, Grupo Radio Centro's bylaws limit ownership of Series A Shares to qualifying Mexican investors. A holder that acquires Series A Shares in violation of the restrictions on non-Mexican ownership will have none of the rights of a shareholder with respect to those shares. Grupo Radio Centro, however, has received approval from the Foreign Investment Commission to have up to 73.5% of its capital stock represented by CPOs issued by Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria, as trustee for the trust (the "CPO Trust"). The CPOs do not have any restrictions on non-Mexican ownership, except that foreign governments or their agencies may not own them. The foregoing restriction does not prevent foreign state-owned enterprises organized as separate entities with their own assets to own CPOs. Pursuant to an amendment to the trust agreement creating the CPOs, the CPOs may be owned only by holders that do not qualify as Mexican investors as defined in Grupo Radio Centro's bylaws. A holder that acquires CPOs in violation of the restrictions on Mexican ownership will have none of the rights of a CPO holder with respect to those CPOs.

The Foreign Investment Law and Foreign Investment Regulations also require that the Company register any foreign owner of its shares, or the depositary with respect to ADSs or global depositary shares representing its shares or ordinary participation certificates representing such shares, with the Registro Nacional de Inversiones Extranjeras (National Registry of Foreign Investment). A foreign owner of Series A Shares that has not been registered is not entitled to vote such Series A Shares or to receive dividends with respect to such Series A Shares. The Dirección General de Inversión Extranjera (General Directorate of Foreign Investment) has informed Grupo Radio Centro that it is not required to register any foreign owner of CPOs.

#### 17.4

#### Dividend payments

Pursuant to a resolution of the general ordinary stockholders' meeting on August 11, 2011, the stockholders declared a dividend of Ps. 65,000 via cash distributions, representing Ps. 0.399 per share.

Pursuant to a resolution of the general ordinary stockholders' meeting on March 16, 2010, the stockholders declared a dividend of Ps. 100,000 via cash distributions, representing Ps. 0.615 per share.

#### 17.5 Legal Reserve

Retained earnings include the legal reserve. In accordance with Article 20 of the Mexican Corporations Act, at least 5% of the net income for each year must be appropriated to the legal reserve, which is not thereafter available for

distribution except as a stock dividend, until the reserve equals 20% of the value of capital stock. As of December 31, 2011 and 2010 the legal reserves were Ps. 62,640 and Ps. 59,620, respectively.

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## 18. Earnings per share

18.1 Basic and diluted earnings per share

The Company does not have any arrangements containing potentially dilutive shares and accordingly basic and diluted earnings per share are the same for each year presented, as shown in the table below:

	31/12/2011	31/12/2010
Total basic and diluted earnings per share	Ps. 1.0785	Ps. 0.3149

18.2 The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	31/12/2011	31/12/2010
Profit for the year attributable to owners of the Company	Ps. 175,496	Ps. 51,243
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	162,724,561	162,724,561

## 19. Broadcasting and corporate expenses

19.1 Broadcasting expenses are as follows:

	31/12/2011	31/12/2010
Insurance	Ps. 8,066	Ps. 7,688
Maintenance	23,299	20,741
Marketing expenses	77,683	67,139
Other related expenses	87,856	77,504
Broadcasting expenses	309,062	306,904
Direct employee benefits	147,283	148,426
Radio announcer fees and other	66,045	63,032
	Ps. 719,294	Ps. 691,434

19.2

Corporate expenses are as follows:

31/12/2011 31/12/2010

Key management benefits Ps. 14,939 Ps. 14,939

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20.	Other expenses	
	31/12/2011	31/12/2010
Fees to the Executive Committee	Ps. 23,532	Ps. 24,348
Litigation expenses	13,453	7,805
Maintenance and leasing cost	11,670	12,843
Other expenses	6,209	5,306
Charity events costs	4,546	3,075
GRC-LA organization, constitution and start-up costs	4,278	6,589
Internet subscription	2,340	1,830
Compliance with securities regulations and corporate restructuring	1,138	3,600
Loss on sale of equipment	787	401
Employee profit sharing	875	1,037
Recovery of expenses	(7,618 )	(9,068 )
Other	(1,133 )	(105 )
	Ps. 60,077	Ps. 57,661

21. Income taxes

The Company is subject to ISR and IETU. In accordance with current Mexican tax legislation, companies must pay the greater of ISR and IETU.

The ISR rate was 30% for 2011 and will remain at such rate through 2012. The ISR rate was 28% in 2010; it will be 29% for 2013 and 28% for 2014.

For purposes of calculating IETU revenues, as well as deductions and certain tax credits, are determined based on cash flows of each fiscal year. Beginning in 2011, the IETU rate is 17.5%, and it was 17% in 2010.

Based on its financial projections, the Company determined that it will only pay ISR. Therefore, it only recognizes deferred ISR.

In connection with the Tax Law Concerning Expressly Declared Public Services and Concessionaires of Public Dominion Assets of the Nation (*Ley del Impuesto sobre Servicios Expresamente Declarados de Interés Público por Ley, Empresas Concesionarias de Bienes del Dominio Directo de la Nación*) issued in 1968, a radio and television tax is levied on customers who make payments to radio and television concessionaires (the “concessionaires”), equivalent to

25% of such payments. This tax is collected from customers and remitted to the government by the concessionaires. Subsequently, a new decree issued on October 10, 2002 allowed concessionaires to remit the tax either in cash or in-kind. If paid in-kind, the decree establishes that payment be provided in free airtime, the value of which is determined based on the equivalent of 18 minutes a day with respect to television broadcast, and 35 minutes a day with respect to radio broadcast. Accordingly, only 80% of the total amount of the consideration received from customers for broadcasting services relates to the payment for services provided to such customer, while the 20% remaining relates to the tax collected by concessionaires and payable to the Secretariat of Finance and Public Credit.



During 2011, the Company reassessed the tax treatment of this broadcast tax. Although from an accounting standpoint, when this tax is paid in-kind, it represents the exchange of nonmonetary amounts and is recognized as revenue, according to the Company and its legal and tax advisors, strictly from a fiscal standpoint, the option of paying the radio and television tax in-kind does not represent taxable income. This is evidenced by the fact that there is no service contract entered into between the Company and the government, nor is there any consideration agreed-upon between the two entities for the services rendered. Rather, the provision of free airtime represents the release of the Company from an obligation to remit a tax collected by the Company's customers to the tax authorities. Although the Company retains the cash received from customers relating to the tax resulting in a payable to the tax authorities, upon provision of free airtime, the liability is legally considered extinguished. While this may result in an increase in the overall equity of the Company, which under certain circumstances is considered a taxable event, the fact that this is ultimately the release of an obligation, coupled with the fact that the Company foregoes airtime to other paying commercial customers by providing the service free to the government changes the nature of the services from a fiscal standpoint from a taxable event to a non-taxable event.

As a result of this reassessment, in 2011, the Company amended its 2009 annual tax returns in order to exclude from taxable income, the tax received from customers in cash, but ultimately paid in-kind to the tax authorities. During 2011, the Company obtained a refund of approximately Ps. 27,950 corresponding to the amended 2009 annual tax return. In 2012, the Company amended its 2010 annual tax return based on this tax strategy and received a refund of approximately Ps. 33,850. In addition, during the year ended December 31, 2011, the Company excluded Ps. 181,000 from the calculation of taxable income corresponding to amounts collected from customers in cash but paid in-kind to the tax authorities, representing an income tax benefit of Ps. 54,300.

Additionally, this reassessment has affected the Company's calculation of its deferred income taxes as well as its assessment of the recoverability of its deferred income tax assets. With respect to deferred revenue, represented by nonrefundable advances paid from customers for broadcast services, the portion of these advances corresponding to the broadcast tax that will be paid in-kind are not considered taxable; accordingly, approximately Ps. 4,094 is excluded from the determination of the related deferred income tax asset. Furthermore, the Company has tax loss carryforwards from previous years. However, this tax strategy results in projections of minimal to zero taxable income in future years. As a result, the Company has assessed that it is not more likely than not that it will generate future taxable income sufficient to utilize the benefit provided from its tax loss carryforwards, and thus has only partially recognized the related deferred income tax asset.

21.1

Income taxes are as follows:

	31/12/2011	31/12/2010
ISR benefit (expense):		
Current	Ps. -	Ps. (53,886 )
Income tax recovered in connection with tax strategy	27,950	-
Deferred	(3,700 )	11,223
	Ps. 24,250	Ps. (42,663 )

21.2 The effective ISR rate for fiscal 2011 and 2010 differ from the statutory rate as follows:

	31/12/2011	31/12/2010
Statutory rate	30 %	30 %
Effects of inflation	-	(1 )
Non-taxable income in connection with tax strategy	(36 )	-
Income tax recovered in connection with tax strategy	(13 )	-
Non-deductible expenses		2
Write-off of future tax loss carryforwards	2	29
Other	1 (15)	
Effective rate	(16 )	45

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21.3

The main items originating a deferred ISR balance are:

	31/12/2011	31/12/2010	01/01/2010
Deferred ISR assets (liabilities):			
Deferred revenue	Ps. 24,568	Ps. 41,925	Ps. 52,650
Employee benefits	22,462	23,487	25,790
Accrued expenses	1,301	5,596	3,725
Tax loss carryforwards	12,961	-	-
Other	-	1,653	-
Property and equipment	(52,398 )	(64,145 )	(79,793 )
Prepaid expenses	(8,894 )	(1,277 )	(3,021 )
Deferred ISR asset (liability)	Ps. -	Ps. 7,239	Ps. (649 )

21.4 As of December 31, 2011, the Company has tax loss carryforwards that can be recovered subject to certain conditions. The Company has recognized a deferred ISR asset only for the tax loss carryforwards that is more likely than not that will result in a future benefit. Restated amounts as of December 31, 2011 and expiration dates are as follows:

Year of Expiration	Tax Loss Carryforwards
2019	Ps. 161,628
2019	54,485
2021	67,169
	Ps. 283,282

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22. Financial instruments

22.1 Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stockholders through the optimization of debt and equity balances.

The capital structure of the Company consists of net debt (borrowings as detailed in Note 12 offset by cash and cash equivalents) and equity of the Company (comprising common stock, the reserve for the repurchase of shares, retained earnings and other comprehensive income as detailed in Note 17).

The Company is not subject to any externally imposed capital requirements.

22.2 Indebtedness

In 2006, the Company entered into a credit facility with Banco Inbursa S. A., Institución de Banca Múltiple, Grupo Financiero Inbursa for a secured peso-denominated loan in two tranches in an aggregate principal amount equivalent to up to US \$21,000. As of December 31, 2011, Ps. 90,736 is outstanding under this credit facility. The first, non-revolving tranche is for a peso-denominated amount equivalent to up to US \$14,000 to be used for capital expenditures and other corporate purposes. The second, revolving tranche is for a peso-denominated amount equivalent to up to US \$7,000 to be used for working capital purposes.

On March 26, 2009, the Company drew down on the first tranche, in the amount of Ps. 200,000, to finance the prepayment of the first two years of fees under the LMA entered into with Emmis Communications Corporation (see Note 26). The Company is required to repay the principal amount over five years in 20 quarterly installments beginning June 1, 2009 and make quarterly interest payments at an annual rate of 13.0% through March 18, 2010 and at 9.5% thereafter.

On June 1, 2010, the Company borrowed Ps. 30,000 under the second tranche for working capital purposes, which the Company repaid on November 9, 2010.

Amounts borrowed under the credit facility are guaranteed by several of the Company's subsidiaries and secured by a first priority lien on substantially all of the Company's property, including its corporate headquarters but excluding any equipment used for broadcasting.

As of the date December 31, 2011, the Company's remaining borrowing capacity under the credit facility was Ps. 60,000. The credit facility will expire on June 16, 2015. The principal conditions to drawing down include that the Company is in compliance with its obligations under the credit facility; there be no material adverse change resulting in a loss or liability to the Company equivalent to 5% or more of its total assets (as such condition is more fully defined in the credit facility) and no material adverse change in the banking environment or international capital markets; borrowed amounts be secured by a first priority lien on substantially all of the Company's property; and there be no event of default under the credit facility. If any of the conditions to draw down is not met or waived, the Company will be unable to obtain funds under the credit facility.

The credit facility contains covenants requiring the Company to maintain certain financial ratios and comply with other financial conditions that, among other things, limit its ability to incur additional indebtedness, pay dividends, pledge assets and enter into transactions with affiliates. The financial covenants (using terms defined in the credit facility) include an interest coverage ratio of at least 2.5 to 1, a total debt to EBITDA ratio of no more than 3 to 1, a fixed charges coverage ratio of at least 1.75 to 1, a cash balance at each balance sheet date of at least US \$1,750, and stockholders' equity of at least Ps. 850,000.

If the Company fails to comply with any covenant under the credit facility in the future, there can be no assurance that the Company will be able to obtain waivers or that the lender will not accelerate amounts due under the credit facility. If the Company is unable to repay amounts due under the credit facility, the lender could proceed against the collateral securing the Company indebtedness. Such events would have a material adverse effect on Company's business, financial condition and results of operations.

The Company is in compliance with all of its debt covenants as of December 31, 2011.

22.3

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the accompanying consolidated financial statements.

The Company's principal financial assets are cash and cash equivalents disclosed in Note 5, and recoverable taxes, other receivables and broadcasting receivables as disclosed in Notes 6 and 7, respectively. The Company's principal financial liability is long-term debt as disclosed in Note 12.

22.4

Financial risk management objectives

The Company seeks to minimize the effects of market risk (including fair value interest rate risk), credit risk and liquidity risk. No significant interest rate hedging or trading financial instruments were entered into during the periods covering the accompanying consolidated financial statements.

22.5

Market risk

The Company's activities expose it primarily to the financial risks of changes in interest rates (see Notes 22.8 and 22.9 below) and foreign currency exchange rates (see Notes 22.6 and 22.7 below). The Company may enter into derivative financial instruments to manage its exposure to foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

22.6

Foreign currency risk management

The Company is exposed to foreign exchange risk, primarily with respect to the Mexican peso and to the US dollar in respect of one of its subsidiaries whose functional currency is the US dollar. Foreign exchange risk arises from future commercial transactions and recognized monetary assets and liabilities.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	31/12/2011	31/12/2010	01/01/2010
Monetary assets			
Mexican Pesos (Ps.)	Ps. 9,232	Ps. 20,097	Ps. 7,339
US dollars (US \$)	660	1,623	562
Monetary liabilities			
Mexican Pesos (Ps.)	Ps. (2,665 )	Ps. -	Ps. (405 )
US dollars (US \$)	(220 )	-	(31 )

22.7

Foreign currency sensitivity analysis

Based on the Company's exposure to foreign currencies described in Note 22.6, which is not material, the Company's management believes that an appreciation or depreciation of the Mexican peso compared to such foreign currencies would not cause a material impact on profit or equity.

22.8

Credit risk management

We cannot assure that the Company's key customers will continue to purchase advertising from the Company at current levels or at all. The loss of our relationship with any one of our principal customers could have a material adverse effect on the Company results of operations.

22.9

Liquidity risk management

If the Company is unable to raise additional debt or equity, its results of operations could suffer. The Company closely monitors the maturity of its liabilities and the cash needs of its operations.

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Contractual obligations consisting of long-term debt as of December 31, 2011, and the period in which the contractual obligations come due as follows.

The maturity of the long-term, its current portion and the accrued interest at December 31, 2011 is as follows:

	Effective interest rate %	Less than 1 month	1-3 months	3 months to 1 year	1-3 years	Total
Long-term debt	9.50	Ps. -	Ps. 10,736	Ps. 30,000	Ps. 50,000	Ps. 90,736
Accrued interest		-	2,138	4,988	4,750	11,876
		Ps. -	Ps. 12,874	Ps. 34,988	Ps. 54,750	Ps. 102,612

## 22.10

Fair value of financial instruments

## 22.10.1

Fair value of financial instruments carried at amortized cost

The fair value of long-term debt and its related current portion as of December, 31, 2011 is Ps. 91,387. The Company's management considers that the carrying amounts of financial assets and other financial liabilities recognized in the consolidated financial statements approximate their fair values.

## 23.

## Related party transactions

23.1 During the year, the Company entered into the following transactions with related parties:

	31/12/2011	31/12/2010
Grupo Radio México, S. A. de C. V. – other related party:		
Commissions paid for sales of broadcasting services (b)	Ps. (30,330 )	Ps. (20,861 )
Gains on sale of equipment	1,043	762
Aguirre Family:		
Recovery of expenses and gains on sales of equipment (a)	4,305	3,797

(a) Relates to the personal use of goods and services that the Company acquired in barter transactions and for which they paid the Company.

(b) On January 5, 2000, Grupo Radio Centro entered into a contract with an entity owned by Francisco Aguirre G., chairman of the board of directors of the Company, for an indefinite term pursuant to which this entity is compensated for consulting services and the sale of airtime provided to the Company by Mr. Aguirre. The Company incurred expenses under this contract totaling Ps. 4.7 million in 2011 and Ps. 4.0 million in 2010

23.2 The following balances were outstanding at the end of the reporting period:

	31/12/2011	31/12/2010	01/01/2010
Grupo Radio México, S. A. de C. V.	Ps. 1,021	Ps. 1,003	Ps. 1,003
Aguirre Family	1,904	2,775	2,441

23.3 Employee benefits provided to key members of management were as follows:

	31/12/2011	31/12/2010	01/01/2010
Short-term benefits	Ps. 24,738	Ps. 24,719	Ps. 24,727
Post-employment benefits	7,924	8,721	8,323

23.4 Major Stockholders

The Company was incorporated as Técnica de Desarrollo Publicitario, S. A. de C. V. on June 8, 1971, with its principal stockholders being members of the Aguirre family. The Company has undergone several changes in nominal ownership, but ultimate control has always remained with the Aguirre family.

As of December 31, 2011, the same seven members of the Aguirre family continue to own, in equal parts, 100% of the interests in a trust that was originally established by the Aguirre family in 1992. Under the terms of the trust, the Series A Shares held by the trust are ordinarily voted as directed by a majority of the beneficiaries of the trust.

24. Litigation and other contingencies

24.1 Infored litigation

Through a series of transactions effected in 1995 and 1996, the Company acquired five radio stations owned by Radiodifusión RED, S.A., as well as the exclusive radio broadcasting rights to Monitor, a news and talk radio program. On December 23, 1998, the Company entered into an agreement with Infored and Mr. Gutiérrez Vivó, the principal anchor of Monitor, pursuant to which they would provide the Company with original news programs and special event productions until 2015 (the “Infored Agreement”). The Infored Agreement provided that Mr. Gutiérrez Vivó would continue as Monitor’s host until at least the end of 2003.

In May 2002, Mr. Gutiérrez Vivó and Infored initiated an arbitration proceeding pursuant to which they sought rescission of the Infored Agreement and damages. On March 1, 2004, the International Chamber of Commerce, or the ICC, notified the Company that, by majority vote of two of the three arbitrators, the ICC panel held that the Company was in breach of its contract with Infored and Mr. Gutiérrez Vivó. As a result, the contract was rescinded and Infored and Mr. Gutiérrez Vivó together were awarded a total of US \$21,100 in damages, which represents the amount the Company would be required to pay under the contract after taking into account prepayments made by the Company. The Company challenged the validity of this decision in the Mexican courts and, on November 11, 2004, Civil Judge 63 of the Federal District Superior Tribunal of Justice, ruled against this decision. Infored and Mr. Gutiérrez Vivó initiated an *amparo*, which is an injunction on constitutional grounds or a type of proceeding used to challenge the legality of a decision under Mexican law, against the November 11, 2004 ruling.

After various *amparos* and other actions taken by each of the involved parties, on June 12, 2008, the Thirteenth Circuit Court, to which the case has been sent, reversed its prior decision, granted the *amparo* of Infored and Mr. Gutiérrez Vivó, denied the *amparo* of the Company, and remanded the case to Civil Judge 63 of the Federal District Superior Tribunal of Justice. On July 11, 2008, Civil Judge 63 of the Federal District Superior Tribunal of Justice ruled that the decision that initially granted the *amparo to the Company* was invalid. This decision of Civil Judge 63 of the Federal District Superior Tribunal of Justice did not constitute an order to pay the arbitration award, the enforcement of which remains subject to lower court review.

In August 2008, the Company challenged the aforementioned rulings, and after exhausting all legal efforts, in September 2010, the Mexican Supreme Court denied the Company’s challenges. However, the Company believes that enforcement of the arbitration award remains subject to lower court proceedings. In May 2011, Infored and Mr. Gutiérrez Vivó requested that Civil Judge 63 of the Federal District Superior Tribunal of Justice enforce the arbitration award on summary judgment. Civil Judge 63 denied summary judgment, for which reason Mr. Gutiérrez Vivó and Infored appealed such resolution through an *amparo* before the Sixth District Judge on Civil Matters, who, on November 10, 2011, issued a resolution denying such *amparo*. This resolution has been appealed again by Mr. Gutiérrez Vivó and Infored, the resolution of which is still pending.

The Company plans to continue to challenge the validity of the arbitration award in the Mexican courts. Although the Company believes it has merits to achieve a favorable outcome, if the Company is ultimately unsuccessful in challenging the enforcement of the arbitration award in Mexico, it will be required to finance any amounts due.

The Company is involved in various other legal proceedings related to the Infored and Mr. Gutiérrez Vivó transaction. In 2004, the Company and a subsidiary, along with four minority shareholders, initiated two lawsuits against Mr. Gutiérrez Vivó and Ms. María Ivonne Gutiérrez Vivó to seek rescission of the stock purchase agreement entered into as an “accessory contract” to the Infored Agreement. One case pertains to the shares of the licensee of the radio station formerly known as XEJP-AM (now XENET-AM), and the other case pertains to the shares of the licensee of the radio station formerly known as XEFAJ-AM (now XEINFO-AM).

In addition, in 2008, Mr. Gutiérrez Vivó and Infored initiated additional claims against the Company for alleged violations of labor law in connection with the Infored Agreement. In 2009, Mr. Gutiérrez Vivó and Infored initiated a civil law suit against the Company and individual members of the Aguirre family, seeking consequential damages in an amount of approximately Ps. 9.46 billion arising out of the Company’s alleged wrongful failure to pay the arbitration award. In both lawsuits, favorable resolutions have been obtained in the first instance. The Company’s management believes that these cases will ultimately be resolved in favor of the Company.

24.2

Labor contingencies

The Company is also involved in a variety of labor claims initiated by former employees between 2000 and 2004 seeking an aggregate amount of approximately Ps. 30,500. The Company has not recorded a provision for these claims, as the Company's management believes that the cases will be resolved in favor of the Company.

24.3

Other contingencies

Other than proceedings, described above, the Company is not currently engaged in any material litigation or arbitration, and no material litigation or claim is known to the Company to be pending or threatened against the Company.

25.

Service Agreements

In order to manage the operations of XHFO-FM, S.A. de C.V. (the "XHFO Station"), Desarrollos Empresariales, S.A. de C.V. ("DESA"), a wholly-owned subsidiary of the Company entered into a Service Agreement on October 2, 1995 with the XHFO Station and with Comercializadora Siete de México, S.A. de C.V. ("Comercializadora"). Under the terms of this agreement, DESA was granted the right to sell the XHFO Station's airtime in exchange for providing operating and administrative services to Comercializadora and to the XHFO Station.

On December 30, 1998, a rights transfer agreement was signed in which Grupo Radio Centro replaced DESA as the operator of the XHFO Station. Beginning in January 1999, various amendments were entered made to the arrangement. The most recent amendment was entered into on October 16, 2008, and is effective from January 3, 2009 to January 2, 2014. Beginning in March 2010, this amendment provides for a variable fee paid by the Company to Comercializadora Siete de México, S.A. de C.V., based upon year-to-year airtime revenue increases. The resulting increase in Mexican pesos is translated into US dollars, which amount is used to compute the percentage increase. Such percentage increase determines the amount of the variable consideration based on rates included in the amended agreement. The variable consideration is determined based on activity from March of the year when the comparison is performed, to February of the following year.

26. Agreement with Emmis Communications Corporation

On April 3, 2009, a Local Programming and Marketing Agreement (the “LMA”) concerning the programming and marketing for a radio station with the call letters KXOS-FM that operates on a frequency of 93.9 FM (the “KXOS Station”) in Los Angeles, California, United States of America, was entered into between GRC-LA and Emmis Communications Corporation and its subsidiaries: KMVN, LLC, which is the owner of the KXOS Station assets), and KMVN License, LLC, which owns the FCC licenses. Under the terms of the LMA, Emmis owns and operates the KXOS Station, while GRC-LA provides broadcasting programming. GRC-LA pays Emmis a fee of US \$7,000 per year plus expenses incurred by Emmis with respect to the KXOS Station. Additionally, the GRC-LA agreed to advance US \$14,000 (approximately Ps. 200,000) for the first two years of such fees. The Company financed the advance payment by means of a loan in the amount of Ps. 200,000, as discussed in Note 17.

As part of the LMA, a Put and Call Agreement was entered into that grants GRC-LA an option to purchase the KXOS Station’s assets and provides Emmis the option to require to GRC-LA to purchase the KXOS Station’s assets. The term of the put option grants GRC-LA the right to purchase from April 16, 2009 to April 15, 2016. The term of the call option grants Emmis the right to require purchase from April 15, 2015 to April 14, 2016. Both the put and call can be exercised at a price of US \$110,000. If at the option exercise date, GRC-LA is not qualified to own the KXOS Station in the United States pursuant to regulatory guidelines in the United States, it may assign the Option Agreement to a third party who is qualified for this purpose.

The Company accounts for the effects of this transaction as an operating lease.

In connection with the LMA and the Option Agreement, a pledge agreement and a security agreement were signed by Emmis in favor of Grupo Radio Centro and GRC-LA. These agreements grant guarantees and collateral pledges of all the fixed assets of Emmis that are used or held for use in the operation of the KXOS Station, for compliance with the aforementioned agreements.

27. Segment information

Company management has determined that it has two reportable segments, represented by the geographical regions in which it operates: Mexico, which is the Company’s country of residence and where it conducts its main operations, and the United States of America (“USA”) through its subsidiary GRC-LA. This subsidiary’s principal line of business is to operate the radio station KXOS-FM that broadcasts at 93.3 FM in Los Angeles, California and whose revenues are driven by broadcasting advertisements.

27.1 Financial information related to the Company's reportable segments are as follows:

	31/12/2011		Intersegment eliminations	Total segments
	Mexico	USA		
Revenues from external customers	920,660	67,938	-	988,598
Interest income	20	-	-	20
Interest expense	17,854	32	-	17,886
Depreciation and amortization	24,541	426	-	24,967
Profit (loss) before income taxes	252,682	(101,425)	-	151,257
Total assets	1,751,019	25,903	-	1,776,922
Total liabilities	363,993	4,902	(506 )	368,389

	31/12/2010		Intersegment eliminations	Total segments
	Mexico	USA		
Revenues from external customers	843,900	64,025	-	907,925
Interest income	446	-	-	446
Interest expense	26,345	-	-	26,345
Depreciation and amortization	23,861	-	-	23,861
Profit (loss) before income taxes	201,370	(107,456)	-	93,914
Total Assets	1,726,881	44,708	-	1,771,589
Total liabilities	493,376	2,952	(242 )	496,086

27.2 Products and services from which reportable segments derive their revenues

The Company derives its revenues from external customers entirely from its broadcasting business.

27.3 Information about major customers

Included in broadcasting revenues are sales for approximately Ps. 108,697 and Ps. 120,065 for the years ended December 31, 2011 and 2010, respectively, which represented sales to the Company's largest customer. No other single customers contributed 10% or more to the Company's consolidated revenue for both 2011 and 2010.

## 28. Explanation of transition to IFRS

As discussed in Note 2, the Company's consolidated financial statements for the year ended December 31, 2011 are its first annual financial statements that comply with IFRS, with a transition date of January 1, 2010. Previously, these financial statements were prepared in accordance with MFRS, which differ in certain respects from IFRS.

As part of the adoption of IFRS, the Company applied IFRS 1, which generally requires retrospective application of all standards, except for certain mandatory exceptions and other voluntary exemptions from retrospective application.

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The mandatory exception to retrospective application of IFRS applicable to the Company is with respect to accounting estimates. Accounting estimates made under MFRS in the years ended December 31, 2011 and 2010 are consistent with estimates under IFRS made for the same periods and are thus not retrospectively modified.

With respect to optional exemptions to retrospective application, the Company elected to apply the exemptions related to business combinations, employee benefits and foreign currency translation and the use of deemed cost for its property and equipment as follows:

**Business combinations under IFRS 3 (2008)** – The Company chose to apply IFRS 3 (2008) as of its transition date to IFRS; therefore, business combinations effected prior to such date were not accounted for under IFRS 3 (2008). As part of the IFRS adoption process, the Company decided not to remove the cumulative effects of inflation in goodwill and use as its deemed cost its previous value under MFRS.

**Employee Benefits** – The Company, elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRS. The Company applied this exception to all of its defined benefit plans.

The Company elected to set the cumulative translation effects from all foreign operations to zero as of its date of transition and will account for such effects prospectively.

The Company elected to use the deemed cost exemption for its property and equipment. Accordingly, the cost of property and equipment represents depreciated cost in accordance with IFRS adjusted to reflect changes in the Mexican consumer price index.

28.1 Effects and notes to the effects of IFRS adoption for the consolidated statements of financial position

a) The IFRS adjustments were as follows:

	31/12/2010	01/01/2010
Total equity under MFRS	Ps. 1,290,552	Ps. 1,356,479
i. Employee benefits	6,929	7,736
ii. Deferred income tax impacts	(1,940 )	(2,166 )
Total equity under IFRS	Ps. 1,295,541	Ps. 1,362,049

b) Notes to the effects of IFRS adoption:

i.

Under MRFS, actuarial gains and losses were deferred and amortized using the corridor approach. Prior service cost was deferred and amortized over the remaining service life of the employees. The Company, elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRS (January 1, 2010). The Company applied this exception to all of its defined benefit plans. The Company early adopted the 2011 amendments to IAS 19 at the date of transition; therefore all actuarial gains and losses are recognized immediately in other comprehensive income. Also, under the 2011 amendments to IAS 19, past service cost is recognized immediately in profit or loss. Upon adoption of the 2011 amendments to IAS 19, unamortized prior service cost was recognized immediately through retained earnings.

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- ii. The Company recalculated and recognized deferred income taxes in accordance with IAS 12, *Income Taxes*, using the adjusted carrying amounts of assets and liabilities under IFRS.

28.2 Effects and notes to the effects of IFRS adoption for the consolidated statements of comprehensive income:

a) The IFRS effects were as follows:

	31/12/2010
Net profit under MFRS	Ps. 60,410
Other comprehensive income under MFRS	(6,473 )
Total comprehensive income under MFRS	53,937
i Broadcasting expenses	(12,721 )
i Net actuarial gains and losses for the year	8,578
ii Income taxes	3,562
Total comprehensive income under IFRS	Ps. 53,356

b) Notes to the effects of IFRS adoption:

The Company adopted the 2011 amendments to IAS 19 at the date of transition; therefore all actuarial gains and losses are recognized immediately in other comprehensive income. Also, under the 2011 amendments to IAS 19, i. past service cost is recognized immediately in profit or loss. Upon adoption of the 2011 amendments to IAS 19 unamortized prior service cost was recognized immediately through retained earnings. Under the 2011 amendments to IAS 19 the net cost for the year for the defined benefit plans differs from the previously recognized amounts.

- ii. The Company recalculated and recognized deferred income taxes in accordance with IAS 12, *Income Taxes*, using the adjusted carrying amounts of assets and liabilities under IFRS.

Presentation differences exist between IFRS and MFRS. Accordingly, the presentation of certain balances and amounts in the accompanying consolidated statement of financial position as of December 31, 2010 and the c) consolidated statement of comprehensive income for the year then ended, under IFRS, differ from that previously reported under MFRS.

29. Financial statements issuance authorization

On February 15, 2012, the issuance of the consolidated financial statements was authorized by C. P. Pedro Beltrán Nasr, the Company's Chief Financial Officer. These consolidated financial statements are subject to the approval at the General Ordinary Stockholders' Meeting, at which the stockholders may decide to modify such consolidated financial

statements according to the Mexican General Corporate Law.

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30.

Subsequent events

On April 13, 2012, the Company entered into an amendment to the call and put option agreement with Emmis (described in Note 26) that effectively gives certain qualified designees of the Company which are entities controlled by certain children of certain members of the Aguirre family who are U.S. citizens, the right to purchase the KXOS-FM station assets for US \$85,500 provided that the purchase closes on or before March 27, 2013 or in certain circumstances related to the timing of the FCC approval, an earlier date. The LMA will remain in effect until the closing of the purchase. In connection with this amendment, the qualified designees have exercised the call option, the consummation of which is subject to certain closing conditions, including a financing condition and FCC approval (for which transfer applications have been filed). If the closing does not occur on or before March 27, 2013 or such earlier date (if applicable), the LMA will continue to remain in effect, the call option exercised by the qualified designees will terminate and the amendments to the call and put option agreement set forth in the amendment will be deemed null and void (i.e., the purchase price for the KXOS-FM station assets will revert to US \$110,000).

\* \* \* \* \*

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SIGNATURE

The registrant hereby certifies that it meets all the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: April 27, 2012

GRUPO RADIO  
CENTRO, S.A.B. de C.V.

By: /s/ Pedro Beltrán Nasr  
Pedro Beltrán Nasr  
Chief Financial Officer