



Annual Report

2015

Grupo Media Capital, SGPS, S.A.

NOTE:

Free translation for information purposes only. In the event of discrepancies, the Portuguese language version prevails

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ANNEX

Statutory Audit

Report of The Audit Committee

GRUPO MEDIA CAPITAL, SGPS, S.A.

Dear Shareholders,

The Board of Directors of the Grupo Media Capital, SGPS, S.A. in compliance with the legal and statutory precepts instituted, presents the Management Report and Statutory Consolidated Accounts for the year of 2015. Under the terms of number 6 of article 508 – C of the Portuguese Companies Code, the Board of Directors has decided to present a sole Management Report, in which all the required legal precepts are fulfilled.

SOLE MANAGEMENT REPORT OF THE BOARD OF DIRECTORS 2015 ACCOUNTS

INTRODUCTION

The company Grupo Media Capital, SGPS, S. A. (“Company” or “Society” or “Media Capital” or “Grupo Media Capital” or “Group” or “GMC”) has as its only investment, a 100% share of MEGLO – Media Global, SGPS, S.A. (“MEGLO”). Through this investment the Company holds, indirectly, participations in the companies mentioned in notes 4 and 5 of the Notes to the Consolidated Financial Statements on December 31, 2015.

The complete designations of the companies included in this report have the due correspondence in the aforementioned notes to the financial statements, which are an integral part of the Management Report and Consolidated Financial Statements of the Company.

GRUP STRUCTURE

Grupo Media Capital is currently the leading media group in Portugal in terms of EBITDA and Net Income, with a strong presence in most of the segments in the media sector and in the production of audiovisual contents. Its operational structure reflects this broad business scope and is horizontal, organized into five different business units and a Shared Services Unit that centralizes all the administrative functions and serves the other Group companies in areas such as human resources, accounting, financial management, treasury, purchases and information systems, including the Group’s Holding.

The Group’s strategy is founded on basis of quality, independence and credibility, and on a commitment to develop information, culture and entertainment in Portugal, permanently guided by the interests and preferences of viewers, listeners, customers and advertisers.

In terms of financial reporting, the structure adopted by Media Capital comprises three reporting segments: Television, Audiovisual Production and Radio. The remaining companies and business units– including Entertainment, Music and Digital – are grouped in a separate reportable segment called Other. The purpose of this structure is to simplify the evaluation and visibility of the different business units where the company operates, taking into account the dimension and the existing relations and synergies between the companies of each business reportable segment.



ECONOMIC ENVIRONMENT

Despite the slowdown in the World Economic Activity, economic environment both in the European Union and the Euro Zone improved in 2015, with the unemployment rate in the Region reflecting this improvement, as it reduced to the lowest levels since 2009 (in the EU) and 2011 (in the Euro Zone).

As for the Portuguese economy, Banco de Portugal estimates a 1.6% growth in 2015' Gross Domestic Product (GDP), despite a slight slowdown in the economic recovery on the second half of the year.

This estimate is even better for the current year, as Banco de Portugal predicts a 1.7% growth in 2016' Gross Domestic Product (GDP), in line with the Euro Zone's forecasts.

Advertising market performance

Following the general economic tendency, the Portuguese agencies advertising market (before rappel discounts) registered a 3% increase in 2015 (10% in 2014).

Regarding the segments in which the Group is present, the Television segment improved by 3% - 1% in FTA and 2% in pay TV - while Digital significantly improved by 30% and Radio contracted 1% (+ 10% in 2014). The Group estimates to have once again gained market share in 2015. As for other segments, Press and Cinema decreased 8% and 1%, respectively and the Cinema segment improved 48%.

Taking into consideration the recent economic favourable context, advertising market is expected to grow again in 2016, albeit the extent and impact of this tendency is still unknown.

MAIN FACTS IN 2015

- Media Capital's net income grew by 5%, reaching € 17.3 million
- In 2015, Media Capital's EBITDA slightly decreased by 2% to € 40.1 million, with a corresponding margin of 23%.
- The consolidated advertising revenues went up by 2%.
- TVI kept the leadership in TV audiences, with an average share of 22.5% and 26.5% in all day and prime time respectively. The positive gap over the second most watched channel was 3.8pp in all day and 2.9pp in prime time. TVI leadership was also maintained when analysing groups of channels, with 25.4% in all day and 28.7% in prime time, i.e. respectively 3.3pp and 2.4pp above the second largest group of channels. In the last quarter of the year, TVI launched TVI África and TVI Reality, thus reinforcing its leadership in Portugal its international presence.
- On financial grounds, the TV segment posted an EBITDA of € 31.6 million and a margin of 22.3%.
- The Audiovisual Production segment registered an EBITDA of € 1.1 million (vs. € 1.0 million in 2014).
- The Radio's EBITDA was € 7.0 million, which corresponds to a margin of 37.1% and to a 55% improvement over 2014. At the end of 2015, Rádio Comercial maintained its status as #1 radio station (24.4% share, corresponding to a 2.0pp advantage over its main competitor), whereas the MCR's aggregate group of radios reached 34.7% share (32.8% in 2014).
- The launch of TVI Player was a major success and a significant milestone in 2015. This free app for web, iPad and iPhone, as well as Android (smartphone and tablet) is optimised for video viewing, allowing viewers to assist TVI's channels contents both in live stream or VOD, as well as exclusive contents.
- Financial results improved substantially in 2015 (22%), chiefly due to the negotiation of the financing terms, which allowed for a cost reduction in this feature.

BRIEF OVERVIEW OF THE CONSOLIDATED RESULTS

In 2015, Media Capital recorded consolidated operating revenues of € 174.4 million, decreasing 3%. 2015 consolidated opex was down 3% (€ 134.3 million), despite registering a 2% increase to € 35.1 million in the last quarter of the year.

Consolidated EBITDA improved 6% to € 18.2 million in 4Q15 and registered a 2% decrease on a yearly basis, reaching € 40.1 million.

Consolidated EBIT was € 31 million (which compares with € 32.4 million in 2014), while net profit was € 17.3 million, thus improving 5% vs the comparable period.

EXPECTED EVOLUTION IN ACTIVITY FOR 2016

Despite the recent positive evolution in the Portuguese macroeconomic indicators, economy is still adjusting and it is expected to recover slower than desired.

In this environment, and as in previous years, TVI will continue to protect the most profitable time slots and contents, maintaining as well, a tight cost control on both programming and structure. The pursuit of revenues from non-traditional advertising sources will continue to be critical aiming to achieve leadership in quality, innovation and profitability. The launch of more contents in new platforms, alongside with more non-linear offer and interactivity as a means for monetization and consumers' loyalty, will also be a reinforced reality in 2016, as well as the increase in the international penetration of TVI's contents.

In the Audiovisual Production segment, after the effort made by gathering (near Lisboa) the production centres, technical resources, scenarios foresees and cost structure, it is possible to perspective materialization of relevant efficiency improvements and while benefiting quality and reducing working hours. The Group will maintain its commitment in producing the best drama contents in Portuguese language.

2014 was again a record-breaking year for the MCR radios (driven essentially by Rádio Comercial), with a very positive performance vs the whole radio market, leading to an improvement in both operational efficiency and profitability. The main goal in 2016 is to maintain the leadership obtained by Rádio Comercial during 2012 and to reinforce the other radio formats. MCR also intends to continue to invest in the creation of new business opportunities and market solutions, by reinforcing its radios' digital presence as well as their presence at the most significant events and music festivals.

In Media Capital Digital's operating segment, the estimates are that the Group will continue to improve its relative presence in digital when compared to other media. In this sense, and taking in consideration the growing weight of content consumption in multiple platforms, interfaces and means (linear, non-linear, mobile, simultaneous media), it is a strategic decision for the Group to be in the forefront of these developments and to capitalize its already proven ability to innovate.

It is nevertheless important to mention that the level of uncertainty at macroeconomic level as well as certain structural changes taking place in the media industry is making projections extremely difficult.



Television

INTRODUCTION

The Television segment includes TVI as well as Publipartner, the Group's marketing management company created to develop advertising related revenue.

Aside from the FTA TV channel TVI, the company also owns the Pay TV channels TVI24, TVI Ficção, TVI Internacional, TVI África and TVI Reality (the latter both launched in October'15). In the last quarter of the year, TVI discontinued the projects TVI Direct, which was replaced by TV Reality, and +TVI. TVI's group of channels led audiences in 2015 with a share of 25.4% (the second and third positions registered shares of 21.6% and 18.1%, respectively) in all day. In prime time, TVI lead with a share of 28.7%.

Along 2015, TVI's channels reached a daily average audience of 4,904 million viewers (3.508 million in prime time).

ACTIVITY EVOLUTION IN 2015

In what regards financial performance, operating revenues in the TV segment decreased by 4%. Advertising revenues were up 1% versus last year.

On the other hand, other revenues, which essentially include subscription rights and multimedia services, were down 14%. Such reduction was mainly due to lower revenues in TV shows whose main revenue stream comes from calls. It is worth mentioning a significant increase in the internationalization of local drama contents, produced by Plural and broadcasted by TVI.

Opex decreased 2% on a YoY comparison.

The combined evolution of revenues and costs resulted in an EBITDA of € 31.6 million, which compares with a margin of 22.3%. 4Q14 EBITDA reached € 13.0 million (31.7% margin).

2015 - LEADER FOR THE ELEVENTH CONSECUTIVE YEAR

According to Marktest/Kantar Media, TVI continued to lead FTA audience shares in Portugal, registering an average audience of 22.5% throughout 2015. The second and third positions among generalist channels obtained shares of 18.7% and 14.8%.

TVI also lead audiences in prime time, with a 26.5% share driven by its entertainment, local drama and news offers. The second position registered 23.6% share and the third position obtained 13.6% share. TVI also lead in the main commercial target, with shares of 19.3% and 23.6% in all day and in prime time, respectively.

Thematic cable channels obtained 31.1% and 25.1% shares, in all day and in prime time.

Sundays were the best day of the week for TVI during 2015, with major entertainment formats, football matches, drama productions and the 8pm news programme, with Prof. Marcelo Rebelo de Sousa (until September).

PROGRAMMING

In 2014 TVI once again met consumer's preferences offering relevant, actual and quality contents in local and international drama, news, sports and large international entertainment formats adapted to Portuguese reality.

Local Drama

Local Drama, mainly produced by Plural, maintained its status as one of TVI's programming pillars, with leading audiences in prime time, reaching multiple targets.

In 2015, TVI premiered the first season of "A Única Mulher", a large production recorded in Portugal and Angola, which registered an average leading share of 29% (1.345 million viewers), "Santa Barbara" (26.3% share) and the second season of "A Única Mulher" (30.2% share).

The novelas "Jardins Proibidos" (28.8% share) and "Mulheres" (24.2%) came to an end during 2015. "Mulheres" was the only Portuguesa novela nominated for na Internacional Emmy Award in 2015.

News and Sports

As in the previous year, both “Jornal da Uma” (at lunch time) and “Jornal das 8” (8pm) achieved leading shares of 26.5% and 25.1% respectively, that correspond to 655 thousand viewers for “Jornal da Uma” and 1.1 million viewers for “Jornal das 8”. Regarding “Jornal das 8”, it is worth mentioning the participation of Prof Marcelo Rebelo de Sousa (until September) on the Sunday edition, that often registers leading audiences.

“Repórter TVI” was once again a reference in investigative journalism. Its 43 transmissions recorded during the year reached an average audience of 1.239 million individuals and a share of 26.3%.

In Sports, the eight matches of the “Taça da Liga” that TVI broadcasted, obtained an audience share of 31.1%, corresponding to more than 1.4 million viewers. TVI also broadcasted exclusively in FTA nine matches of the Champions League (season 2014/15), which registered an average audience of 1.869 million viewers (41% share), and six matches of Copa América, which reached 24.3% share and 557 thousand viewers.

Entertainment

In Entertainment, TVI maintained a strong adherence from the viewers, offering not only its regular daily programs that guaranteed high loyalty levels from Monday to Friday, but also diversified contents that assured leadership peaks, namely during the weekends.

TVI’s contents lead throughout the day. The morning show “Você na TV” continues to lead on its timeslot with a share of 29% and an average of 400 thousand viewers. Also on weekday’s afternoons, talk show “A Tarde é Sua” obtained a leading share of 18.7% (377 thousand viewers).

On weekends, “Somos Portugal” – broadcasted live from different parts of the country – lead on its timeslot with 682 thousand viewers and a share of 21.8%.

The large entertainment formats were on the spotlight throughout the year, leading on their timeslots. In February, TVI launched a new season of the talent show “MasterChef”, which lead comfortably on Saturday nights with an average share of 30% (1.098 million viewers). During March, the channel premiered a new season of “Dança com as Estrelas” and “Money Drop”. The 12 programs of “Dança com as Estrelas” obtained an average audience of 1.362 million viewers and a leading share of 31.8%, while “Money Drop” (broadcasted in the pre prime-time slot) reached 18.8% share and an average of 585 thousand viewers.

During the second half of the year, TVI aired the talent show “Pequenos Gigantes”, which lead on Sunday nights with an average audience of 1.411 million viewers and 33% share, and “Temos

Negócio”, which ended 2015 leading its timeslot with 19% share and an average of 527 thousand viewers.

The broadcast of the daily life of the reality shows “Secret Story – Desafio Final 3”, “Secret Story – Luta pelo Poder” and “A Quinta”, 24hrs a day through the interactive channel TVI Direct and TVI Reality (which replaced TVI Direct in October), achieved excellent audiences. The first two realities, broadcasted in 1Q15, achieved average audiences of 1.627 million viewers (32.2% share) and 1.271 million viewers (33.1% share), respectively. Aired in the last quarter of the year, “A Quinta” reached an average audience of 1.065 million viewers, corresponding to 26% share.

Internacional Drama

During 2015, TVI maintained its bet on quality series and blockbuster cinema, broadcasting quality series, such as “O Novo Justiciero”, “Chicago Fire”, “Hawai Five-0” and “Águas Profundas”, all with shares greater than 16%.

TVI24

In 2015, TVI24 registered 2% share in all day among cable channels (1.6% for the universe) thus assuring its position as a reference news channel. In prime time, TVI24 registered shares of 1.8% and 1.4% (among cable channels and for the universe), achieving an average audience of over 60 thousand viewers in both cases.

TVI24’s share among news channels was of 32.5% in all day and of 35.2% in prime time. The channel’s programs were regularly on the top 10 of the most viewed among news channels.

TVI24 maintained its bet on the best news services, as well as its political and economic debate programs (e.g., “Politica Mesmo” and “Olhos nos Olhos”). It is also worth mentioning, the channel’s investment on sports contents, such as the Champions League, Copa América ou Taça da Liga matches, Futsal competitions and La Vuelta. The sports programs “Prolongamento” and “Maisfutebol” registered shares of 3.2% and 2.6%, respectively.

In the digital arena, the value proposal by TVI24 also had positive developments, by assuming itself as the country’s main multimedia screen. On top of having the site tvi24.pt registering record audience figures, its video contents and apps for several platforms and devices also posted unmatched record figures.

TVI INTERNACIONAL

TVI Internacional's programming offers a wide variety of the best local drama, entertainment and information contents, not forgetting the special programming customised for each market / country in their area of coverage.

TVI Internacional is now available in 15 countries and territories through more than 30 different cable platforms. The channel is present Angola, Mozambique, Spain, France, Andorra, Monaco, Luxembourg, Switzerland, United Kingdom, Venezuela, USA, Australia, New Zealand, Porto Rico and Cape Verde, taking the best of TVI and TVI24's contents to Portuguese speaking communities around the world.

TVI FICÇÃO

TVI Ficção combines the best of local drama (produced by Plural) with the new interactive tools available in MEO (pay-tv operator), in order to increase interaction with the audience and offer exclusive contents to MEO subscribers, such as anticipated visioning of episodes, possibility to choose the end of a novela that is being transmitted in TVI, bios, exclusive interviews, talk shows or backstage videos. TVI Ficção's programming grid allows viewers to view (and review) the most successful local drama contents and to get a better knowledge of those who are part of the everyday life of Portuguese viewers.

Launched in the October'12, TVI Ficção obtained in 2015 0.6% share.

After entering Angola and Mozambique in 2013, the channel is now also available in France, Luxembourg, Andorra, Monaco, United Kingdom and Cape Verde.

TVI ÁFRICA

Premiered in October 2015 in partnership with Multichoice África Group, TVI África broadcasts for Angola and Mozambique, through the DStv platform. This is the first portuguese generalist channel exclusively developed for other countries, which reflects TVI's bet of the portuguese speaking markets.

TVI África programming offers the best premium contents of TVI, including *reality shows*, local drama, large entertainment formats and news.

TVI REALITY

Launched exclusively in the NOS platform, TVI Reality replaced TVI Direct and is now the “home” for TVI’s reality shows, broadcasting 24hrs a day of these contents.

The channel premiered its emission with the transmission of the reality show “A Quinta”, rapidly occupying the top 13 of the most watched channels (pay TV).

DIGITAL – TVI Player

Mantendo-se na vanguarda da inovação, a TVI deu em 2015 mais um importante passo no panorama digital, com o lançamento, em junho, do TVI Player. Desenvolvida pelas equipas da TVI e da IOL Negócios, empresa participada da Media Capital Digital, esta plataforma, otimizada para a visualização de programas e vídeos em ambiente digital, está disponível gratuitamente para web, iPad e iPhone, bem como *smartphone* e *tablet* na plataforma Android.

O TVI Player disponibiliza na sua oferta os canais do universo TVI em direto, bem como o VOD da maioria dos programas transmitidos pelos canais do universo TVI. Para além dos programas completos, estão disponíveis os vídeos com os melhores momentos dos programas, sejam de bastidores do canal, sejam até outros vídeos exclusivos. Durante a emissão em direto, o utilizador terá também ao seu dispor várias funcionalidades no *player*, onde se inclui a possibilidade de recuar na própria emissão de cada um dos canais.

Desde a sua criação, em junho de 2015, o TVI Player já foi por diversas vezes reconhecido e premiado. A plataforma tem registado um crescimento sustentado, e assume-se já como um projeto de referência a nível nacional, no consumo de conteúdos e programas em ambiente digital.

DIGITAL – Other Projects

TVI invested in evolving its systems in 2015, to turn them into integrated solutions for planning, production and broadcasting of multi-platform innovative content, also creating new and interactive forms to contact with its audience through the development of new apps to several supports and devices and broadening the reach of its cable channels.

Successful examples of these innovations, in nonlinear contents, are the interactive programs “Secret Story” in TVI Direct, which accounted for new interactive features, new voting options through facebook and new contents.

TVI’s and TVI24’s apps, strongly supported on video contents, registered excellent results, reaching #1 various times and totalling over 2.4 million downloads. The investment in smartphones and tablets, making TVI’s information available to a wider audience, had strong positive effect abroad, mainly in countries with larger Portuguese communities. TVI’s network of sites consolidated its #1 position with shares of 45.9% in visits and of 43.2% in pageviews.

OTHER REVENUE STREAMS

Among Other Revenues obtained by the channel, revenue streams were generated from interactive and multimedia services related to TVI’s contents and by allowing TVI, TVI24, TVI Internacional, TVI Ficção, +TVI, TVI Direct, tvi África and TVI Reality feeds on other TV distribution platforms, such as cable, IPTV, satellite and mobile. These agreements allow TVI to strengthen not only its production capacity and high-end and innovative content development, but also to invest in new interaction with viewers, ensuring access to content anywhere, any time. It is also worth mentioning international sales of TVI/Plural’s contents.

Interactivity

In order to diversify its revenue portfolio, TVI maintained its bet on interactive initiatives during 2015. Among these initiatives were the renewal of the TV call show in the afternoon and the reality shows, as well as other special events along the year.



Audiovisual Production

INTRODUCTION

Plural Entertainment maintained its position as one of the major audiovisual producers in Iberia, producing essentially drama in Portuguese language and entertainment, in Spanish language.

Plural is the largest audiovisual production company in Portugal, with strong operations in production services and scenarios.

In Spain, Plural Entertainment includes in its client roster the most important private TV chains in Spain (Cuatro, Antena 3 and Telecinco) and autonomic channels, producing programmes for all audiovisual genres, such as talk-shows, reality shows, drama, competitions, magazines, documentaries, debates, public service programming, sports events, galas, news programmes and light entertainment.

ACTIVITY EVOLUTION IN 2015

The Audiovisual Production segment reached total operating revenues of € 41.6 million, thus increasing 4%. Annual figures include revenues related with the sale of non-core fixed assets.

In Portugal, operating revenues were up by 30% in 4Q15, due to the performance of television productions and construction and sale of sceneries, as well as the rendering of technical services (in Portugal and abroad). For 2015 as a whole, there was also an increase in television production, which offset the lower revenues from the remaining areas.

As for the activity in Spain, operating revenues decreased during 2015. This was the result of a more targeted approach, aimed at directing all the efforts towards projects with more visibility and less risk in terms of the expected margins.

Opex increased by 12%, mostly due to the higher activity in Portugal.

All in all, EBITDA was € 1.1 million in 2015, thus improving versus the comparable periods.

PLURAL ENTERTAINMENT

In 2015, Plural Entertainment maintained its position as the major audiovisual producer in Portugal, being a reference in local drama and producing over 560 hours of contents in Portuguese.

Plural's work was again both nationally and internationally recognized.

The company received a new nomination for an International Emmy Award for Best Telenovela, for the novela "Mulheres" and a nomination for Prémio Autores (from the Portuguese Authors Association) for the novela "Belmonte". "A Única Mulher" was awarded with four Áquila Awards and its script was distinguished with the Diversidade nos Guiões (Diversity in Scripts) Award, by the High Commission for Migration.

Plural was once again awarded as "Best Audiovisual Producer" in the Meios e Publicidade awards.

In Spain, Plural produced a new season of the successful program "Hermano Mayor", All together, Plural produced over 420 hours of contents in this country.

AUDIOVISUAL PRODUCTION

Local Drama Contents

During 2015, the novelas "Jardins Proibidos" and "Mulheres" came to an end. Both lead on their timeslots, in TVI's prime time.

At the beginning of 2015, Plural began the production of the novela "A Única Mulher", in Angola. In Portugal, the company began the production of "Santa Bárbara" and "A Impostora", which was also recorded in Mozambique.

Advertising Contents

Advertising production was once again a strategic area for Plural. In 2015, the business was reinforced with the incorporation of the soft sponsoring business, which allowed for relevant synergies in content production, acquisition of new clients and communication solutions.

Plural's versatility is visible in the variety of advertising solutions offered, ranging from music themes, to spots, content integration, institutional films, among others.

EMAV

In 2015, EMAV kept assuring technical resources for Plural's productions, and succeeded on reinforcing its presence in Portugal and Spain, affirming itself as a major player in this area and differentiating from the competition through the quality of its services and equipment.

This performance was due to two main factors. On one hand, Plural maintained important service contracts with major broadcasters such as SportTV, TVI or Canal+. On the other hand, EMAV conquered new clients and assured the image capture of relevant and large events, mainly in Spain.

EPC

EPC maintained its successful bet in conquering new clients both in Portugal and Spain, while assuring its leading position in scenario construction in Portugal. The development of EPC's activity was on one side due to the work developed for the three generalist Portuguese channels (TVI, SIC and RTP) and, on the other side, to the consolidation of its partnerships with relevant market producers. EPC also augmented its portfolio of clients in Spain.



Radio

INTRODUÇÃO

Ao longo de 2015, a Rádio Comercial manteve imbatível a sua liderança de audiências de rádio em Portugal, consolidando o feito alcançado em 2012, facto que contribuiu também para a boa performance financeira do conjunto das marcas da Media Capital Rádios (MCR).

Durante o ano, a MCR manteve a política de diversificação da sua oferta comercial, com soluções criativas que, indo de encontro às necessidades dos anunciantes, permitem um contato regular com o público através de diversas plataformas e momentos. Seja na criatividade das propostas de comunicação de antena, na forte presença digital do Grupo, na associação aos principais eventos musicais do país, na organização de concertos ou nas festas mais emblemáticas, as marcas da MCR abriram novas oportunidades e pontos de contato e afinidade com os seus ouvintes e fãs.

EVOLUÇÃO DA ATIVIDADE EM 2015

MCR's advertising revenues improved 9% YoY. The group estimates to have outperformed the market, thus gaining market share. Other operating revenues improved € 1.4 million, due to credit recovery that took place in 2015.

Opex was up 3% in 2015. Hence, EBITDA was € 7 million (+55% YoY), with a margin of 37.1% (+9.0pp).

In 2015, as part of the radio's business expansion, the group acquired assets, including licences, that were registered as intangible assets. The respective depreciations were considered according to the Group's depreciation policy.

AUDIÊNCIAS

The audience data continues to underline the outstanding performance of the formats explored by MCR.

Indeed, the aggregate radio stations owned by Grupo Media Capital registered, in 2015, an average audience share of 34.7% (3 million daily listeners), which compares to 33.3% in 2014. The performance of Rádio Comercial was quite positive, as it kept being the #1 radio with an average share of 24.4%, thus improving by 1.7pp versus 2014 and 2.0pp above the closest competitor.

In turn, m80 – the 70's, 80's e 90's hits radio – had an average share of 5.9% (5.8% in 2014). It continues to stand out as the most listened to radio station among the ones without a nationwide network.

As for the other formats, Cidade had an average share of 3.0%), thus keeping the leadership amongst the radio stations whose main target are the youngsters and Smooth FM increased its share 0,2pp to 1%.

DIVERSIFIED AND INNOVATIVE PORTFOLIO

Maintaining its Adult Contemporary Music format, Rádio Comercial has once again strengthened its positioning and captures new listeners, while sustaining its investment on humor contents and on its morning show. Moving beyond its on air confines, the radio station registered relevant results on the digital arena and organizing successful events.

Rádio Comercial's presence at key musical events throughout 2015 was also constant fixture, which linked the brand to well-known festivals, like Optimus Alive, Sudoeste, Marés Vivas or Cool Jazz Fest, and concerts of famous national and international artists.

Radio Comercial reinforced its commitment towards the society, with the launch of "Eu Ajudo!", an online platform aiming to promoting the projects of non profit organizations and institutions, working in Portugal.

Continuing its strategy of proximity to the listener and a strong investment in promoting Portuguese artists, as well as promoting countless concerts and tours throughout the year, Rádio Comercial organized several "Smallest Concerts in the World" in various parts of the country, featuring recognized Portuguese artists.

Radio Comercial was awarded "Best Radio" by Marketeer, won the Meios e Publicidade award in the radio category and was considered "Marca de Confiança" by the consumers.

Also, m80 kept its investment in proximity to its listeners, sponsoring various musical, artistic or sports events and organizing highly successful parties throughout the country. Cidade reinforced its positioning as the benchmark station for the younger target audience with a single musical positioning of Current Hits. With more interactivity and new contents, Cidade once again invested strongly in on place events, both by promoting or organising events for its target audience around the country.

With distinctive and unique positioning, and directed to a market niche, SmoothFM (jazz music) reinforced its coverage in the Lisbon area and in the country's central region, whilst VodafoneFM also increased its on place presence and maintained its positioning targeting the younger audience.

Online

In 2015, MCR brand's performance increased by 66% (on a YoY comparison), reaching over 62 million monthly pageviews, mainly due to Radio Comercial and SmoothFM's performances. Radio Comercial achieved a monthly average of 43.6 million pageviews.

As for social networks, Radio Comercial ended 2015 with over 1.5 million followers. It is also worth mentioning that, at the end of 2015, the station surpassed 61 million videos and 350 thousand app downloads.



Others



ACTIVITY EVOLUTION IN 2015

This segment includes the following areas: Digital, Music & Events, as well as the holding and shared services.

Despite the strong competitive environment, MCD managed to continue to improve the quality and audiences of its network of sites, with positive impact on its page views, visits and download indicators.

The launch of TVI Player was a major success and a significant milestone in 2015. This free app for web, iPad and iPhone, as well as Android (smartphone and tablet) is optimised for video viewing, allowing viewers to assist TVI's channels contents both in live stream or VOD, as well as exclusive contents.

Advertising revenues were down 8% YoY, while other revenues dropped 8%. EBITDA was € -194 thousand, which compares to € 138 thousand in the previous year.

MUSIC AND ENTERTAINMENT

Media Capital Music and Entertainment (MCME) is the Media Capital Group business unit for the music business. MCME activities include recording (on physical and digital supports), publishing, events production (by MCEnt) and artist management.

Record publishing is performed by Farol Música (Farol).

Recorded music continues to be the main source of revenues for this Grupo Media Capital business unit. Events production was the second major revenue source in 2015, followed by related rights and, with minor expression, by the revenues from publishing and artists management.

Recorded music market continued its decrease tendency, confirming the trend of the last years. This decrease is still not compensated by digital contents revenues. On the other side, rights management from record publishing have significant values, when considering the drop on physical sales. Events production also registered a decrease in 2015.

Farol maintained its strong bet on Portuguese music and artists, reaching a wide variety of music styles and audiences.

Regarding launches in 2015, the special highlights go for the album “No Meu Canto” by Rita Guerra (“No Meu Canto”) and the first album by Bruno Correia (winner of the *talent show* “Rising Star”).

Group’s synergies were also important in Farol’s launches, with successful records such as the m80 various thematic compilations, the soundtrack of the novela “A Única Mulher”, the 36th anniversary compilation of Rádio Comercial’s best musics and the portuguese compilation “Portugal tem Alma”.

MCEnt once again produced Meo Spot Summer Sessions, an important summer event with dozens of parties in July and August in Estoril, which took advantage of the Group’s synergies, especially with TVI, m80 and Radio Comercial.

MEDIA CAPITAL DIGITAL

TVI Player’s launch is, unquestionably, the main highlight of MCD’s activity in 2015. This platform, developed by MCD (IOL Negócios) and TVI, allows viewers to watch, live or VOD, TVI’s contents in a platform optimized for vídeo viewing.

With a clear advantage over its competition and assuming its undisputable leadership among TV websites (with a share of 45.9% in visits and 43.2% in pageviews), MCD’s aggregated network of websites ranked in the top5 regarding the visits indicator and registered more than 120 million video views.

TVI PLAYER

TVI Player – www.tviplayer.iol.pt – is a platform that allows viewers to watch TVI’s channels and programs whenever and wherever they are, whether in Portugal or abroad.

TVI Player is available for TVI’s universe of channels, both in FTA – with the generalist channel TVI – and cable, which includes TVI24, a 24hrs news channel; TVI Ficção, the best of the Portuguese local drama production, by Plural Entertainment and TVI; +TVI, an entertainment and humor channel; TVI Direct, which broadcasts TVI’s reality shows 24hrs live, featuring several interactive and innovative solutions.

Besides allowing the viewers to watch their favorite programs live or VOD, TVI Player introduces new features, such as the programs' highlights or backstage, as well as exclusive contents.

Since its launch, TVI Player was already awarded and recognized, both in Portugal and abroad. It represented Portugal in the Media & News category in the World Summit Awards, won the award for best *widget/app* TV in the ACEPI Navegantes XXI prizes and was on the spotlight on the "Multi Screen Salon".

TVI Player's adhesion rate is still rising, with local drama, news and entertainment being the major contributors for this huge success in the Portuguese language market.

STRATEGIC AREAS

CONTENTS

MCD's content development is strongly based on TVI's programs, as well as own contents related to its brands, such as IOL, Maisfutebol or Autoportal. MCD's has continued to improve on content development and adaptation to the different platforms and supports, to respond to consumer's needs. Assuming itself as the major video producer (own content) to digital platforms, MCD intends to invest in this area, including full programs availability.

Participation

MCD has always invested in interactivity and audience participation. This was once again visible in 2015, with the second screen apps from programs such as "Você na TV" and "Secret Story".

The company also expanded its presence on social networks, entering new platforms – such as Snapchat – and augmenting its involvement through stronger feedback tools (social care) and live chats.

Context

MCD has improved its workflows and methods, in order to optimize its work processes. Group synergies were strategic to this goal, especially in what concerns TVI's news room. Some of MCD's improvements in 2014 were the launch of two TV streamings – TVI and TVI24 – and the improvement of its video players and websites.

As in previous years, online video consumption maintained its growth tendency, in all contents, supports and platforms.

Revenues

Following the project initiated in 2012, MCD's network of sites maintained its integration with TVI's commercial offer, optimizing communication solutions, campaigns and goals and, consequently, benefiting both companies.

B2B

IOL Negócios - Serviços a Empresas na Internet - represents Media Capital's unit specialized in websites, web marketing, design and digital services. In 2015, this business area augmented its client base, and serves now 115 activity sectors.

MAIN PROJECTS

During 2015, MCD launched various initiatives, including the following highlights:

- TVI Player, MCD's major project
- TVI24: redesigned website, new site and apps
- Mais Futebol: several initiatives to celebrate the site's 15th anniversary
- Social Media: special focus on social networks in all TVI's network of sites. New social network: *Snapchat*
- TVI's summer party and Christmas party: close following of both events, with immediate update on various platforms
- IOL: redesigned website, new features
- Local drama: Transmedia content development, more interactivity
- "Secret Story: Desafio Final 3", "A Quinta": broadcasted exclusively online 24hrs a day, new interactive apps
- *APP* Você na TV: new app, allowing viewers more interactivity and access to new contents
- "Pequenos Gigantes" - transmedia content, for website and social networks
- *Blogs*: a selection of some of the best bloggers in Portugal was aggregated to MCD's network of sites
- New projects with partners (e.g. Lux voting for "personality of the Year")
- Processes and workflows improvement, allowing for more optimization and better resource allocation.



Social Responsibility

PRINCIPLES AND VALUES

In 2015, Grupo Media Capital kept its strong commitment in supporting projects towards the sustained development of the community it integrates.

Aware of its impact on Portuguese society and benefiting from its media companies' vast audiences, Grupo Media Capital aims to contribute towards an increased awareness of the Portuguese regarding specific social causes, thus contributing not only in terms of fundraising but also in increasing the credibility and visibility of selected social projects.

PROJECTS

Grupo Media Capital has been developing, implementing and supporting different projects and initiatives within the scope of its Social Responsibility Policies:

- Solidarity and social support projects
- Promotion of culture, art, education and valuation of patrimony
- Promotion of employee's volunteer support to social causes

Additionally to the use of advertising space with special commercial conditions, Media Capital Group often has a very active role in helping the solidarity and social projects, by promoting the participation of popular personalities known to the public in the events, through editorial contents on the themes or simply by using its resources to help raising funds.

Meeting Point

Opened in 2014, Meeting Point is an area of encounter, debate, training and cultural exhibition, directed and opened to all collaborators, partners and other entities that wish to use it as a meeting place. It is composed by a large auditorium, meeting and training rooms, as well as a supporting structure.

Continuing its goal to promote Portuguese talents and the arts, Meeting Point's exhibitions are composed by art works from students of the Lisbon College of Fine Arts.

Post Graduation

The third edition of the Post Graduation in Journalism, developed by Media Capital in partnership with ISCTE, one of the main business schools in Portugal, initiated in 2015. This course was inspired by the “Escuela de Periodismo” de El País and aims to prepare the journalists for the future and the challenges the profession faces.

Solidarity, Projects and News

As a leading, benchmark TV station, TVI continues methodically and systematically to pay particular attention to its social responsibility policy, working for society by developing and collaborating on social/charitable projects with partners, clients and staff members, and at the same time providing information on social and humanitarian problems, to contribute to a better understanding of these situations, approaching this both through its news or entertainment programming, or advertising, as well as through various initiatives that run throughout the year.

Regarding news, TVI is maintaining its investment into in-depth and serious journalism that goes beyond fact-reporting, providing context, analysis and insights into current social problems, with work recognised in Portugal and abroad for its merit.

Also, entertainment programmes, particularly “Você na TV” and “A Tarde é Sua”, once again supported and gave a platform to various Portuguese institutions and families throughout the year.

During 2015, MCR maintained some of its previous initiatives and new ad formats and campaigns were developed to achieve the goals set for each project, generally involving the MCR’s brands’ most famous faces to increase their visibility and impact, registering good acceptance levels from their listeners.

Promotion of culture, art, education and heritage

Media Capital Group has supported some of the most important institutions and initiatives held in Portugal as a sponsor or through its subsidiary companies, above all helping with publicity among the general public.

- Maintaining its strong tradition in Portuguese language, and defending national culture and values, TVI assured more than 85% of its broadcast in Portuguese.
- As part of its Public Service agreement, signed in September 2003 between the Government, RTP, SIC and TVI, TVI again met its obligations in 2015, specifically in providing communication space for Instituto do Cinema e Audiovisual (the Audiovisual and Cinema Institute) promoting 5 cinematic

works, programming supported by sign language (576 hrs) and programming in Portuguese with additional subtitling (630 hrs).

- With productions in various regions of mainland Portugal and the islands, Plural continues to give a huge contribution to the promotion of culture, encouraging a greater understanding of the country and local populations.
- TVI strongly committed in the promotion of numerous traditional and significant events around the country, registering high acceptance levels by its viewers.
- Training and educational components are also referred to in novelas and series produced by Plural and transmitted by TVI, registering good acceptance levels from its audiences and focusing on relevant, actual and usefull matters to the Portuguese society.

VOLUNTARY INITIATIVES WITHIN THE GROUP

Every year, the Media Capital Group promotes internal blood and bone marrow donation campaigns, always with extremely positive results in terms of employee participation.

During 2015, supporting initiatives to other entities promoted and strengthened the charitable, giving spirit within Grupo Media Capital, strengthening its commitment to the community.

GOOD PRACTICES

More than limiting itself to the strict fulfillment of the existing regulation applicable to the media activities in Portugal, the Grupo Media Capital has been proactively promoting the adoption of the best international practices in the sector.

Within a context of social responsibility and protection of underage children and sensitive targets, TVI has maintained and improved, from an internal point of view, a common programme age rating policy, defined for the three TV free-to-air channels, facilitating in this way, for most of its viewers, the communication of the programming viewing restrictions.

Concerning self commercial regulation, TVI has stood out by its initiative capacity regarding new audiovisual commercial techniques, such as sponsoring references, product placement and/or

supports to production and has in preparation two new agreements related to institutional communication and to advertising and sponsorship in split screen.

The respect towards the industry legislation and constant improvement of the respective accomplishment levels, as well as a good relationship attitude with the regulators have been a characteristic sign of TVI's performance in the market, fairly recognized by those authorities and, in general, by other operators in the same market.

TVI

Public Service Protocol

In September 2003, the Portuguese Government, the Public Service Broadcaster (RTP) and the two Private Televisions (SIC and TVI) signed a Public Service Protocol in order to ensure the implementation of certain public service obligations applied to the private channels, such as:

- i. Advertising support to the projects from the “Instituto do Cinema e Audiovisual”;
- ii. Providing minimum investments in independent production;
- iii. Transmitting adaptations of Portuguese literary fiction;
- iv. Transmitting cultural programmes targeted to minorities;
- v. Using sign language and subtitles for the hearing impaired.

The three channels committed to send bimonthly reports to the participants, who will be reviewed twice a year by an independent and credible person, appointed by the government.

Programme age rating policy

Within a context of Social Responsibility and minor and sensitive targets protection, TVI initiated in October 2005 its own Age Rating Policy Programme with 5 age limits combined with parental advice. Programme rating is defined by an internal multi-disciplinary Commission, based on the objective analysis of eight different criteria.

All of TVI's programmes, with the exception of news programmes, are internally classified and have an on-screen indication about the recommended age groups. News programmes are preceded by a warning directed at parents and other adults responsible for the education of children about the possibility of contents of a violent nature.

Based on this experience, acknowledged as positive by the main television players, this self-regulatory project was reinforced through the signature, in September 2006, of an agreement between the three

generalist Portuguese TV stations (TVI, RTP and SIC) which provided a common programme age rating policy for the three channels. This policy is very similar to TVI's, and defines 4 age brackets, based on the analysis of the abovementioned 8 criteria. TVI has maintained and improved, from an internal point of view, a common programme age rating policy, defined for the three operators, facilitating in this way the perception of the programming restrictions for the majority of viewers.

Editorial Statute

This document states the mission of TVI, defining it as an independent media company, with the purpose of informing, and providing entertainment for all genres and ages, guided by the highest quality standards. It also states the deep links with Portuguese culture, notwithstanding its aim of contributing towards a mutual multicultural understanding of the world. From a humanist perspective, it strives for freedom, solidarity and peace, whilst valuing above all honesty, fairness and respect towards the viewer.

Television Law

According to the Portuguese Television Law (in compliance with EC Directives), TVI is obliged to broadcast minimum time percentages of European production, European independent production, Portuguese language and original Portuguese language programmes. These obligations are now controlled by the independent Regulatory Body ERC (Entidade Reguladora da Comunicação Social). TVI has accomplished all its obligations so far, namely due to its bet on national drama and to the procurement of national independent producers.

MCR

Editorial Statute

Programming is based on open, regular and participative meetings between the programme director and its staff. Journalistic independence and editorial statutes are defined in the Journalist Statute, regulated by law. Furthermore, an internal regulation defines further aspects such as incompatibility with other functions, conflicts of interest, respect, privacy and dignity towards the persons interviewed and information sources.

Radio Law

The Portuguese radio market is regulated by law, which imposes rules regarding the attribution of broadcasting frequencies and the type of content broadcasted (local content for local radios), amount

of Portuguese music and restricts the amount of minutes of advertising. These obligations are followed by MCR and controlled by the Media Regulator (ERC).

DIALOGUE WITH STAKEHOLDERS

It is a constant concern of Media Capital Group companies to ensure regular contact with stakeholders, from shareholders to final consumers. In this sense, contacts are specialised and directed by target, according to the business area of each company and the Group.

In accordance with good practices of corporate governance observed in Grupo Media Capital and by inherence of the application of the SOX process implemented by Grupo Prisa, Media Capital implemented a conduct code that is mandatory and applies to all employees.

It is also available a whistle blowing channel, allowing any public or private entity related to the Group to directly and confidentially transmit to auditing committees any miss practice or irregularity that might have occurred within the Group. Both the conduct code and the whistle blowing channel were widely communicated to all employees and were made available in Media Capital's website.

Communication with shareholders and investors is permanently ensured, within legal parameters, through the corporate site and the CMVM site.

Intranet

Since its launch in the end of 2012, Media Capital's intranet launched over two thousand and six hundred news and registered over 4000 post in 2015.

The group's intranet has been registering good acceptance levels since its launch, being a reference daily source of information. It is also a fundamental contact point between workers and the Human Resources Department.

Public

Regarding final consumers – listeners, viewers and users – Group companies essentially use telephone and online channels.

Telephone

TVI has a call service integrated in its external relations department, available from 7:30 to 00:00, for receiving comments, suggestions and complaints from the audience. MCR also has a permanent call service, available all day, which is also used for participation of listeners in the radios' programmes (in addition to the objectives specified for TVI).

Online

Regular newsletters and brand sites seek to inform, promote and encourage interaction with target audiences.

Together with media agencies, online channels – especially the Media Capital Group site – constitute a privileged means of contact for divulcation of information regarding new product launches and programme schedules (for TVI and radio stations), as well as corporate information.

Other

Visits to premises and organisation of meetings for communication of relevant information are other models used in contact with the media.

Daily information is provided to Media Capital Group advertisers – mainly in the case of TVI, but this daily contact extends to all business units –, as well as regular feedback on their campaigns, by telephone, e-mail or in person.

Relations with the community, Institutions or Associations

The Grupo Media Capital's Companies are actively involved with the main entities that represent and regulate the market, thus guaranteeing a close and regular participation in all their activities and in the most relevant decision processes that impact the media sector.

PROMOTION OF HUMANITARIAN PRINCIPLES

- In Grupo Media Capital there is a strict non-discrimination policy and a guarantee of equitable social and work conditions in connection with human resources admissions. Selection criteria are based exclusively on personal merit.

- Promotions follow internal norms and policies and are based on participation and merit, taking into consideration a structured and transparent evaluation process.
- The Grupo Media Capital's companies strictly comply with the laws and regulations regarding privacy and confidentiality, namely concerning security issues such as monitored areas.
- In TVI there are detailed guidelines on respect for Human Dignity and privacy on news programmes, according to the principles established by the Editorial Statutes and Programmatic Bases of the Common Platform of News Contents of the Media.
- The internal rules in this field are equally applied throughout the group in the selection of subcontractors or suppliers.

EMPLOYEES

Professional training and other benefits

In 2015, Media Capital's employees benefited from vocational, technical, linguistic and computer training.

Additionally, Plural is a major contributor to the generation of new professionals in the audiovisual sector in Portugal, through vocational and technical training and general improvement in areas such as production, directing and fiction edition.

Grupo Media Capital provides a health insurance plan for its employees and respective families. In addition, all employees benefit from regular and preventive check-ups and analyses, on a preventive and regular basis and have access to the Group's medical centre, available 8 hours a week. The Group's employees may also benefit from several protocols established with all kinds of institutions such as banks, gymnasiums, pharmacies, specialist clinics and language schools, among others that provide special conditions for them.

Assuming its paper in the education of future professionals in the media sector, TVI opened 65 vacancies for trainees in 2015, in the News, Programming, Marketing, Public Relations Multimedia and Production departments. TVI received students from Universidade Católica Portuguesa, Universidade Nova, Universidade Fernando Pessoa (Porto), Universidade do Algarve, Escola Superior de Coimbra, ISCEM and Vale do Rio, among others.

Performance Evaluation

The current performance evaluation model in place at Grupo Media Capital falls within the continuous improvement process based on quality and excellence goals that all business units pursue. It is composed by four dimensions:

- i. Key competence evaluation (basic competences, management, specific technical skills)
- ii. Objectives evaluation (corporate, business, department)
- iii. Definition of individual development plans
- iv. Identifying potential

This system interacts with career management and remuneration/benefits, allowing a global HR management aligned with the mission, vision and values of Grupo Media Capital.

ENVIRONMENT

By definition, the activities of the Grupo Media Capital have a reduced ecological impact. However, the Group has continued to implement a number of measures, common to all business units, ranging from paper, card, glass and plastic recycling to power consumption reduction, aiming to further reduce its environmental impact as well as the impact on the community.



Legal Provisions

LEGAL PROVISIONS

Own Shares

In accordance with Articles 66.º and 324.º of the Portuguese Companies Code, please be informed that during 2015 there were no acquisitions or sales of own shares, and hence on 31 December 2014 the Company held no own shares.

Supplement set forth in Article 448 of the Portuguese Companies Code

With regard to the above mentioned Article, please note that the number of shares held, on 31 December 2015, by the shareholders who provided information in this regard, amounting to at least, a tenth, a third or half of the share capital are:

- Vertex SGPS, S.A.: 80.027.607 shares, representing 94.69% of the share capital.

List of Qualified Holdings (as of 31 December 2015)

For the terms and effects of paragraph e) of No. 1 of Article 8.º of CMVM's Regulation 5/2008, please find below the list of qualified holdings as of 31 December 2015:

Shareholder	Nº of owned shares	Percentage of share capital	Percentage of voting rights
Vertex SGPS, S.A. (a)	80.027.607	94.69%	94.69%
ABANCA Corporacion Bancaria, SA (b)	4.269.869	5,05%	5,05%

a) Vertex SGPS, SA is 100% owned by Promotora de Informaciones, S.A., company under Spanish law.

b) Previously owned by ABANCA Corporación Bancaria, S.A. (formerly known as NCG Banco SA), as informed to the market on December 22, 2015.

Securities issued by the company and held by members of the corporate bodies

In the terms and for the effects of Article 447.º of the Portuguese Companies Code, we hereby inform you of the shares held by the members of the Corporate Bodies of the Company, as of 31 December 2015.

Members of the Board of Directors

	Shares	N° os shares 31-12-15	Transactions in 2015			
			Acquisitions	Alienations	Unit price (€)	Date
Miguel Pais do Amaral		0				
Rosa Cullell		0				
Jaime D'Almeida		0				
Javier Lazaro *		0				
José Luís Sainz		0				
Manuel Polanco		0				
Miguel Gil		0				
Pedro Garcia Guillén **		0				
Tirso Olazábal		0				

(*) Javier Lazaro resigned in October, 21, 2015

(**) Pedro Garcia Guillén resigned in May, 8, 2015

Statutory Auditor

	Shares	N° of shares 31-12-15	Transactions in 2015			
			Acquisitions	Alienations	Unit price (€)	Date
Deloitte & Asociados, SROC, SA		0				

Corporate Governance Report

Please find in the separate annex the Company's Corporate Governance Report.

Proposal of application of results

The individual net result for the year ended on 31 December 2015, as prepared according to IFRS accounting standards adopted by the European Union, was of Euro 12.927.935,20 and the net consolidated result was Euro 17.300.015,23.

The Board of Directors proposes the following:

- a) In accordance with the applicable law and Company's Articles of Association, 5% of the net results to be transferred to Legal Reserves, meaning a total amount of Euro 773.500,96;
- b) Distribution of dividends amounting Euro 9.296.499,80 Euros, corresponding to approximately 53.74% of the consolidated net result. The distribution of dividends corresponds to a gross dividend per share of Euro 0.11;
- c) The remaining net consolidated result to be transferred to Free Reserves.

The dividend payout proposal is set out to meet the expectations of investors and shareholders, without however disregarding the need to provide Grupo Media Capital with the adequate liquidity considering the current economic environment.

Declaration of Responsibility

In accordance with article 245.º, no. 1 paragraph c) of the Portuguese Securities Code, the members of the Board of Directors hereby declare that, as to their knowledge, the information contained in the management report has been prepared according to the applicable accounting principles, and give a true and appropriate vision of the assets and liabilities, of the financial status and Company's results and all companies included in the consolidation perimeter. Furthermore declare that the management report explains the business performances of the Company as well as of all companies included in the consolidation perimeter, and contains a description of its main risks. The main risks and uncertainties the business units face, is express on the Corporate Government Report, annex to the present document.

Acknowledgments

We would like to end this report by thanking all employees who have, be it directly or indirectly, given their contribution to the development of this Group, to our partners and suppliers for their services, to our shareholders for their constant support, to our viewers, listeners and users for their preference along the year and to our advertisers, for the trust placed in us.

February, 18, 2016

The Board of Directors,

Miguel Pais do Amaral (Chairman)

Rosa Maria Cullell Muniesa (CEO)

Jaime Roque de Pinho D'Almeida

José Luíz Sainz

Manuel Polanco Moreno

Miguel Gil Peral

Tirso Olazábal Cavero



Corporate Governance Report

INTRODUCTION

Grupo Media Capital, SGPS, S.A. (hereinafter referred to as “Media Capital” or “Company”) has prepared this report, fully dedicated to Corporate Governance, as an annex to the 2015 Annual Report, under the terms of articles 70 of the Commercial Companies Code and 245-A of the Portuguese Securities Code, as well as CMVM (Portuguese Securities Market Commission) Regulations 4/2013 on Corporate Governance.

PART I - SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. Capital structure (share capital, shares, shares per shareholder, etc) including non-negotiable shares, different categories of shares and the respective right, and equity percentage represented by each category (Art. 245.º-A, n.º 1, al. a)).

Media Capital is a listed company, according to the Portuguese Securities Code, with fully paid-up capital of 89,583,970.80 euros, consisting of 84,513,180 registered nominative shares, with nominal value of 1.06 euros per share. All shares are registered and held in accounts opened with financial intermediaries authorised by the CMVM, which act as custodians and are part of the Centralised Securities System (“*Central de Valores Mobiliários*”) managed by Interbolsa, S.A.

Media Capital shares are traded on the NYSE Euronext Lisbon, a regulated stock exchange. All shares issued are classed in the same category. Media Capital has not issued any special shares or granted any special rights. Accordingly, all shareholders benefit from equal rights.

2. Restrictions concerning the transfer of shares such as consent clauses for their disposal or ownership (Art. 245.º-A, n.º 1, al. b)).

No statutory restrictions exist concerning the transfer and ownership of Media Capital shares.

3. Number of own shares, corresponding equity and percentage of the voting rights (Art. 245.º-A, n.º 1, al. a)).

The Company has not subscribed any own shares; no purchases or sales took place in 2015.

4. Significant agreements involving the Company, which will come into effect, be altered or cease in case of control as a result of a takeover bid, as well as the respective effects, unless its disclosure

is prejudicial to the company, with the exception of the society's obligation to disclosure that same information for legal imperatives (art. 245.º-A, n.º 1, al. j).

To the knowledge of the Board of Directors, the Company has not signed any significant agreements that will come into effect, be altered or cease to apply in case of a change of control as a result of a takeover bid. Early, non-automatic repayment of loans given to the Group by Portuguese financial institutions is foreseen in case of a significant change of control, under the usual terms and conditions established by the banking sector.

5. Protective measures, statutory or of any other nature, adopted with a view to setting limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others.

No protective measures, statutory or of any other nature, exist neither have been adopted with a view to setting limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others.

No measures aimed at demanding payments or the assuming of any obligations by the Company in case of change of control or changes to the composition of the Board of Directors, which might have an impact on share transfers or the independent evaluation of the Board of Directors' performance by shareholders, have been adopted.

6. Shareholders' agreement that may include restrictions concerning the transfer of securities of voting rights (art. 245.º-A, n.º 1, al. g)

As at 31 December 2015 and to the Company's knowledge, no shareholders' agreements currently in effect include any restrictions concerning the transfer of securities of voting rights.

II. Shareholdings and Bond Holdings

7. List of Shareholders with Qualifying Holdings as at 31 December, 2015

Shareholder	Number of shares owned	Percentage of share capital	Percentage of voting capital
Vertex SGPS, S.A. (a)	80.027.607	94,69%	94,69%
ABANCA Corporacion Industrial y Empresarial S.L Unipersonal (b)	4.269.869	5,05%	5,05%

(a) Vertex SGPS, S.A. is 100% owned by Promotora de Informaciones, S.A., a company governed by Spanish Law.

(b) Formerly owned by ABANCA Corporacion Bancaria, SA and formerly referred to as NCG Banco, SA, as disclosed to the market on December 22, 2015.

8. Information regarding shares held by the members of the Board of Directors and Audit Committee

As at 31 December 2015, the following shares were owned by members of the Board of Directors and Audit Committee:

Members of the Board of Directors

	No. of Shares 31-12-15	Transactions in 2015			
		Purchased	Sold	Unit Price (€)	Date
Miguel Pais do Amaral	0				
Rosa Cullerell	0				
Jaime Roque de Pinho D'Almeida	0				
Javier Lázaro Rodríguez *	0				
José Luís Sainz	0				
Manuel Polanco	0				
Miguel Gil	0				
Pedro Garcia Guillén **	0				
Tirso Olazábal Cavero	0				

Statutory Auditor

	No. of Shares 31-12-15	Transactions in 2015			
		Purchased	Sold	Unit Price (€)	Date
Deloitte & Asociados, SROC, S.A.	0				

* Javier Lazaro Rodríguez (non-executive Director) resigned on October 21st 2015

** Pedro Garcia Guillén (non-executive Director) resigned on May 8th 2015

9. Special powers of the Board of Directors, particularly regarding capital increase deliberations

Under the terms of Memorandum of Association, 2006 version, and following the favourable opinion of the Audit Committee, the Board of Directors is authorised to increase the company's share capital, on one or more occasions, up to a limit of 15,000,000.00. The Board of Directors shall be responsible for establishing the terms and conditions applicable to each capital increase, as well as the corresponding share subscription and deadlines. Up to 31 December 2015, the Board of Directors had not decided to increase the company's share capital, under the terms defined in the Memorandum of Association.

10. Information regarding business operations and transactions between Media Capital and holders of qualifying shares

The following operations took place under normal market conditions:

- A management service provision agreement was signed with Promotora de Informaciones, S.A., which resulted in revenues of approximately 1,200,000 in 2015.
- A cash pooling agreement was signed between Plural España and Promotora de Informaciones, S.A., on 5 January 2009, for a total amount of 28,203,624 euros, which was refunded during the first half of the year.

The conditions applicable to the agreements signed for the purpose of regulating the extension of the refinancing process between Promotora de Informaciones S.A. (“PRISA”) and a union of financial and banking institutions came into effect on 11 December 2013. Given PRISA’s controlling interest in Media Capital, the latter assumed the role of obligor in the financial restructuring of PRISA. Accordingly, this resulted in an extension to the deadlines and conditions applicable to the agreements signed by Media Capital on 26 December 2011.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

a) General Meeting Board

11. Members of the Meeting Board

The current members of the General Meeting Board were elected for 2012-2015 during the General Meeting held on 21 March 2012. As at 31 December 2015, the General Meeting Board consisted of the following members:

CHAIRMAN: Professor Pedro Canastra de Azevedo Maia, holder of a PhD in Law and Business Sciences, born in Vila do Conde, with address at Alameda Infante D. Pedro, 56, Coimbra.

VICE-CHAIRMAN: Tiago Antunes da Cunha Ferreira de Lemos, Attorney, born in Lisbon, with address at Rua da Arrábida, 54, 2º Esq., Lisbon.

The members of the General Meeting Board are assisted by the Company Secretary, Mr. Hermes Pat.

b) Exercising of Voting Rights

12. Restrictions on voting rights

Under the terms of the Media Capital Memorandum of Association, each group of 100 (one hundred) shares with nominal value of 1.06 (one euro and six cents) entitles the corresponding holder to 1 (one) vote. Shareholders owing less than 100 (one hundred) shares shall only be allowed to attend and participate in General Meetings if they group the corresponding shares in order to attain the required minimum, in which case they shall designate a representative. Holders of bonds and non-voting shares shall not be allowed to attend or participate in General Meetings.

The company considers that the ability of shareholders to attend and participate in General Meetings has been duly guaranteed, considering the low nominal value of Media Capital shares

and the possibility of shareholders forming groups in order to meet voting requirements (as established in article 11 of the Memorandum of Association).

The General Meeting of Shareholders consists of all shareholders able to prove their ownership of at least 100 (one hundred) Media Capital shares, registered in their name and held in an account opened with a financial intermediary, at least five business days before the scheduled date of the meeting. Proof of ownership, which must be presented to the Chairman of the General Meeting Board, shall consist of a declaration issued by the financial intermediary where the latter shall be required to state that the shares in question are held in the corresponding securities account and registered in the shareholder's name, in addition to being required to state that this has been the case for at least five business days before the scheduled date of the meeting.

Article 11 of the Memorandum of Association of Media Capital establishes that shareholders shall be allowed to vote by mail, with no restriction. The Memorandum of Association of Media Capital does not prohibit the carrying out of General Meetings through videoconferencing, as the Company is able to ensure statement authenticity and communications security. Online voting was not implemented during the 2015 General Meetings, as the Company considers that all shareholders are effectively able to exercise their voting rights, by all other means available.

The Company has not defined any mechanisms that will lead to imbalances between voting rights and the right to receive dividends or subscribe new securities.

13. Limits concerning the number of votes by a single shareholder

In addition to the aforementioned statutory provisions, the Company has not set any limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others. Moreover, the Memorandum of Association does not establish any upper limit when counting votes cast by a single shareholder. Accordingly, the Company does not consider it necessary to subject the maintenance or elimination of this statutory provision to vote by the General Meeting every five years.

14. Shareholders deliberations

Under the terms of article 15 of the Memorandum of Association, the General Meeting shall be allowed to deliberate upon first call, provided that the number of shareholders present or duly represented hold at least one third of voting rights. According to the existing applicable legislation, General Meeting decisions shall be approved if voted by the majority. Unless stipulated by law, qualified majorities are not required.

II. Management and Supervision

a) Composition

15. Model of Governance

Media Capital adopts the Anglo-Saxon model in what concerns its managing and supervisory structure (according to paragraph b) of point 1 of article 278 of the Commercial Companies Code). Accordingly, the Company relies on a managing and supervisory structure consisting of a Board of Directors, an Audit Committee and a Statutory Auditor.

16. Statutory rules on requirements governing the appointment and replacement of Board members, Executive Board of Directors and the General and Supervisory Board

The Board of Directors is appointed and replaced as defined in the Commercial Companies Code. Concerning the appointment of the Board of Directors, any group of shareholders owning more than 10% and less than 20% of the Company's share capital shall be allowed to submit a proposal for the election of a Director, who will act as a minority representative, to the General Meeting, according to points 2 to 5 of Article 392 of the Commercial Companies Code and as defined in article 19 of the Memorandum of Association.

Appointment proposals submitted by the Board of Directors to the General Meeting, as well as the appointment of Directors by the Board, must, according to the Regulations issued by the Board of Directors, be preceded by the corresponding report, issued by the Corporate Governance and Managing Staff Remuneration Committee. If independent Directors are involved, the corresponding appointment must be proposed by the Corporate Governance and Managing Staff Remuneration Committee (composed of non-executive members of the Board of Directors). The Governing Body Appointment and Remuneration Committee is also allowed to submit proposals concerning the appointment of Directors to the General Meeting.

Article 19 of the Memorandum of Association foresees the possibility of replacing a Director, according to the applicable legislation, if the latter fails to attend more than 3 (three) meetings of the Board of Directors in a given year without presenting a suitable justification, provided that the Board of Directors confirms the permanent absence of the Director in question. According to the Regulations issued by the Board of Directors, the duties of individual Directors shall cease at the end of the corresponding term or when this is required by the General Meeting, in compliance with the corresponding legal or statutory rights. Directors shall be required to place their positions at the disposal of the Board of Directors and formalise their resignation, if this is deemed convenient by the latter, in the situations specified in the aforementioned Regulations (namely, in case of incompatibility or prohibition defined by law, dismissal due to a serious offence and setting of a date for the corresponding hearing (as defined in the Penal Code), accusation and/or indictment for a crime punishable with imprisonment for longer than 5 years, if the circumstances under which they were appointed have come to an end and, particularly, when an independent Director loses this status). The Board of Directors is not allowed to propose the dismissal of an independent member before the end of the corresponding term, except when justified, following careful consideration by the Board of Directors, based on the opinion of the Corporate Governance and Managing Staff Remuneration Committee.

17. Board members, Executive Board of Directors and the General and Supervisory Board

The Memorandum of Association of Media Capital establishes that the Board of Directors must be composed of 7 (seven) to 11 (eleven) members, elected by the General Meeting every 4 (four) years. Directors can be re-elected one or more times.

The current members of the Board of Directors were elected for 2012-2015 at the General Meeting of Shareholders held on 21 March 2012.

No substitute members were appointed of the Board of Directors.

The Board of Directors for 2012-2015 and as at 31 December 2015 is composed of the following members:

	Status	Independence	First appointment	End of term
<i>Presidente:</i>				
Miguel Pais do Amaral	Non executive		16-03-2011	31-12-2015
Rosa Cullell	Executive		13-07-2011	31-12-2015
Miguel Gil	Non executive *		14-12-2005	31-12-2015
Jaime Roque de Pinho D'Almeida	Non executive	Independent	10-03-2004	31-12-2015
José Luís Sainz	Non executive		21-10-2015	31-12-2015
Manuel Polanco	Non executive		15-11-2005	31-12-2015
Tirso Olazábal Caveró	Non executive	Independent	25-09-2006	31-12-2015

* Miguel Gil ceased the exercise of executive functions on January 15, 2015.

Non executive Board Members Pedro Garcia Guillén and Javier Lazaro resigned, respectively, on May 8th 2015 and October 21st 2015.

18. Executive and non-executive member of the Board of Directors.

The Board of Directors is composed of two executive members and a group of six non-executive members, in which the Chairman is included. Two Directors qualify as independent, according to CMVM Regulations 4/2013. The Company considers that the required proportion of independent Directors has been reached, considering the governance model adopted and the Company's capital structure and free float.

19. Professional qualifications of Board members.

The professional qualifications, CVs and other relevant information concerning each member of the Board of Directors, are included in an Annex to this Report.

20. Business relationships of Board members with Group companies.

The professional and/or business relationships of Board members with Group companies and holders of qualifying shares representing over 2% of voting rights, are included in an Annex to this Report.

21. Delegation of Powers

Concerning delegation of powers, the Board of Directors approved the delegation of daily company management on Rosa Maria Cullell Muniesa, on 21 July 2012, under the terms of article 22 of the Memorandum of Association and the Regulations issued by the Board of Directors.

The powers delegated on the Chief Executive Officer by the Board of Directors are those allowed by law and established in compliance with the Operating Regulations approved by the Board of Directors. Accordingly, such powers include daily company management, namely the following: (i) signature, introduction of changes to and cancellation of service provision, licensing, cooperation, mandate, exchange, rent, leasing, factoring and franchising agreements, as well as lending and/or mutual agreements concerning any rights, services, products or movable property, subject or not to registration, and real estate renting or subletting agreements, limited to the amount of 4,000,000.00 (four million) euros; (ii) acceptance or refusal of guarantees provided by third parties; (iii) ensuring debt recovery; (iv) issuing of invoices and signature of receipts; (v) exercising of regulatory, governing and disciplinary powers concerning employees; (vi) signature of correspondence and general routine documents; (vii) representing the Company before public and private institutions; (viii) declaration and payment of taxes, fees and contributions; and (ix) representing the Company in or out of court, actively or passively, with powers to present proposals, monitor proceedings, confess, withdraw, appeal or reach agreements in any kind of lawsuits and proceedings.

Under the terms of article 5 of the Regulations issued by the Board of Directors, the powers delegated on the CEO do not include the following: (i) definition of Company strategies and general policies; (ii) definition of the Group's business structure; (iii) reaching strategic decisions for which the Board of Directors as a whole should be responsible, owing to the amounts, risks or special characteristics involved.

Under the terms of article 407 of the Commercial Companies Code, the Board of Directors holds the ultimate authority to decide on delegated matters, albeit having delegated some of its powers on the CEO. In fact, the Board of Directors officially approves all actions undertaken by the CEO, as a standard practice.

Regarding its organisation, the Media Capital Group is divided into business areas, which correspond to the media markets in which it operates – Television, Audiovisual Production, Radio – and Other, which includes Music, Digital, the holding and shared services.

As the Group's holding, Grupo Media Capital, SGPS, S.A. is responsible for its strategic development, namely regarding its expansion process, and global management of all business areas, playing a leading role in the decision-making process.

During the first semester of 2015, Media Capital maintained the Executive Committee created in 2011. This committee includes the managers of all Media Capital business areas, who report directly to the Board of Directors. The Executive Committee meets on a regular basis and provides support to the CEO. In 2015, Media Capital created a Strategic Committee, including the managers of all businesses. The Strategic Committee meets weekly, to support the CEO's strategic decisions.

Each business area is managed independently, according to criteria and guidelines defined according to the annual budgets set for each area, which are reviewed and approved by area managers and the Board of Directors on an annual basis. Strategic, business and investment guidelines concerning the various business areas are defined during these reviews, in a participative and interactive manner. Operations and budget spending are continuously monitored by a management control system implemented by the holding.

In order to ensure the correct undertaking of its business, the Media Capital Group has created a series of operational structures, in the Company itself and its subsidiaries, which are grouped under Media Capital – Serviços de Consultoria e Gestão, S.A. (a company 100% held by Media Capital). These structures not only aim to provide the holding with suitable tools to support operational decisions, but also to provide management and consulting services to the entire Group and the corresponding business areas, concerning administrative and financial issues, as well as matters related to human resources, planning and control, purchases, general services and information systems.

b) Operation

22. Regulations on the operations of the Board of Directors.

The Board of Directors approved a series of Regulations on 12 March 2009, which were amended as a result of a decision reached by the Board of Directors on 12 February 2010 and, lately, on 14 July 2014. These Regulations are available on the company website.

23. Number of Meetings

The Board of Directors of the Media Capital Group met on five occasions during 2013. All members attended or were represented at all meetings, thus ensuring effective Group management; one unanimous decision was reached in writing.

In 2015, the CEO of Media Capital provided all information required by the remaining members of the Board of Directors or the Audit Committee, in a timely manner.

24. Bodies responsible for the evaluation of the performance of executive Directors

The Board of Directors includes six non-executive members, in order to ensure the effective monitoring and evaluation of the activities undertaken by the remaining members. The performance of executive Director is evaluated by the Governing Body Appointment and Remuneration Committee, which sets performance evaluation criteria on an annual basis.

25. Pre-determined criteria for the evaluation of the performance of executive Directors.

The performance of executive Directors is evaluated based on defined criteria, using a professional performance formula defined by the Remuneration and Nomination Committee on an annual basis. The Committee establishes maximum values for the variable remuneration and the circumstances under which that value might be applied. These values are established taking into consideration the Company's annual performance.

26. Availability of the Executive Directors

The CEO works for the Company and the Media Capital Group on a full-time basis. The remaining members of the Board of Directors, all of them non-executive Directors, work for the group on a part-time basis, at the companies mentioned in an Annex to this Report.

c) Governing and Supervisory Committees

27. Committees created by the Board of Directors, the General Supervisory Board and the Executive Board of Directors

The Corporate Governance and Managing Staff Remuneration Committee was created and appointed by the Board of Directors, as outlined in article 23 of the Memorandum of Association. The Corporate Governance and Managing Staff Remuneration Committee is governed by the Regulations issued by the Board of Directors and was created as a result of a decision reached by the Board of Directors on 12 March 2009 (replacing the Directors' Appointment and Remuneration Committee).

28. Members of the Executive Commission and the CEO

The Company has not created an Executive Committee, having chosen to delegate executive management powers on Rosa Maria Cullell Muniesa, under the terms of article 22 of the Memorandum of Association and the Regulations issued by the Board of Directors, as described in greater detail above.

29. Competences and activities developed by the Corporate Governance and managing Staff Remuneration Committee

The Corporate Governance and Managing Staff Remuneration Committee has the following responsibilities: (i) to provide information on proposals concerning the appointment of Directors and to propose the appointment of independent Directors; (ii) to provide information on proposals concerning the appointment of the Board Secretary; (iii) to submit proposals concerning the general remuneration policy applicable to managing and executive staff, as well as the remaining employment contract conditions, to the Board of Directors; (iv) to ensure compliance with the remuneration policy established by the company; (v) to provide information on proposals concerning the appointment of members of other Committees of the Board of Directors; (vi) to present draft Annual Corporate Governance Reports to the Board of Directors; (vii) to present evaluation reports on the composition and activities of the Board of Directors to the latter; and (viii) to monitor compliance with internal Regulations.

The Corporate Governance and Managing Staff Remuneration Committee will meet whenever the Board of Directors, its Chairman or the Chief Executive Officer requests the issuing of a report or the approval of proposals within the scope of its competences, or whenever this is deemed convenient by its members, for the correct performing of its duties.

The Corporate Governance and Managing Staff Remuneration Committee is composed of three to five non-executive members of the Board of Directors. Its composition in December 31, 2015 is as follows:

	Status	Independence	Date of 1st appointment	End of term
Jaime Roque de Pinho D'Almeida	Non executive	Independent	10-03-2004	31-12-2015
Manuel Polanco	Non executive		15-11-2005	31-12-2015
José Luis Sainz	Non executive		31-10-2015	31-12-2015

During 2015, the Committee adopted three deliberations on the remuneration of the directors and executive staff, the Annual Report and the nomination of the members of the board.

III. SUPERVISION

a) Composition

30. Identification of the supervisory structure

Media Capital adopts the Anglo-Saxon model in what concerns its managing and supervisory structure. Accordingly, the latter comprises a Board of Directors, an Audit Committee and a Statutory Auditor. The Audit Committee is responsible for supervising company business, together with the Statutory Auditor.

31. Structure of the Audit Committee and the Supervisory Board

The Audit Committee is composed of non-executive members of the Board of Directors, most of whom qualify as independent, under the terms and for the purposes of article 414 of the Commercial Companies Code, applicable according to article 423-B of the Commercial Companies Code. All members are required to observe the regulations defined in article 414-A of the Commercial Companies Code. The Audit Committee is composed of three to five members of the Board of Directors.

32. Members of the Audit Committee

Audit Committee members for 2012-2015 were appointed jointly with the remaining members of the Board of Directors, during the Annual General Meeting of Media Capital, held on 21 March 2012. Following the corresponding appointment, the decision to have non-executive Director Javier Lázaro Rodríguez replace non-executive Director Pedro García Guillén was approved during the General Meeting held on 29 April 2013, after which Javier Lázaro Rodríguez assumed the role of member of the Audit Committee for 2012-2015. Javier Lázaro Rodríguez renounced on October 21, 2015, being replaced by José Luis Sainz. As at 31 December 2015, the Audit Committee was composed of the following members of the Board of Directors:

	Status	Independence	Date of 1st appointment	End of term
<i>Presidente:</i> Tirso Olazábal Cavero	Non executive	Independente	25-09-2006	31-12-2015
Jaime Roque de Pinho D'Almeida	Non executive	Independent	10-03-2004	31-12-2015
Jose Luis Sainz	Non executive		21-10-2015	31-12-2015

33. Qualifications of the members of the Audit Committee and the Supervisory Board

The professional qualifications, CVs and other relevant information concerning each member of the Audit Committee are included in an Annex to this Report.

a) Operation

34. Availability of the regulations

The Board of Directors approved a series of Regulations on 12 March 2009, which were amended as a result of a decision reached by the Board of Directors on 12 February 2010. These Regulations, which are available on the company website, also apply to the Audit Committee, as the latter is formed by members of the Board of Directors.

35. Meetings and attendance of the Audit Committee and the Supervisory Board

Under the terms of the Commercial Companies Code, the Audit Committee participated in all meetings of the Board of Directors. The Audit Committee met on six occasions in 2015 to discuss issues related to its duties; all members attended or were represented at all meetings.

36. Availability of the Members of the Audit Committee and the Supervisory Board

The members of the Audit Committee are non-Executive members of the Company, hence developing their functions on a part-time basis, working in other companies outside Grupo Media Capital, as mentioned in an Annex to this Report.

c) Competences and duties

37. Procedures and criteria applicable to the intervention of the Audit Committee with the external auditor

The Audit Committee represents the Company before the external auditor. In addition to submitting proposals for the appointment of the external auditor to the General Meeting, the Audit Committee is responsible for liaising with the external auditor in what concerns audit results. The external auditor submits the corresponding reports to the Audit Committee, which reports the corresponding results to the Board of Directors.

38. Other competences of the supervisory bodies

The Audit Committee met regularly during 2015 to analyse and monitor corporate accounts.

The Audit Committee is the recipient of all audit reports produced. Within this scope, the Audit Committee meets regularly with the Statutory Auditor, in order to monitor audit results and conclusions, as well as supervise the activities undertaken by the latter, with a view to ensuring their independence, namely in connection with the provision of additional services.

The Audit Committee monitors the internal audit departments of all Media Capital Group companies. In this sense, internal audit departments submit audit reports and conclusions to the Audit Committee every two months.

The Company's internal audit departments, jointly with the Audit Committee, ensure the implementation of internal control and risk management systems, in addition to proposing any necessary adjustments or changes. The Audit Committee did not propose any adjustments or changes to the systems implemented in 2015, as it considered that the control and risk management systems currently in place are suited to the risks identified.

The Audit Committee supervises the transactions of the Company with significant shareholders and in what relates to relevant transactions (articles 23º and 31º of the Company's Regulation), according to the Company's Regulation, approved in July 14, 2014. The Audit Committee established the procedures and necessary criteria regarding the definition of the significance level of the operations between the Company and shareholders with qualified participation.

The Audit Committee prepares a report of its activities on an annual basis, in addition to issuing an opinion on the reporting documents presented by the Board of Directors and the Statutory Auditor. The Audit Committee Report is issued and its contents disclosed to shareholders together with the Annual Report.

IV. STATUTORY AUDITOR

39. Company Supervision

The Company Supervisor designated by the General Shareholders Meeting for the mandate 2012/2015 is Deloitte & Associados, SROC, SA, a company registered with the Chartered Accountants Association, under number 43, and with the CMVM auditors register, under number 231, represented by João Luís Falua Costa da Silva (Chartered Accountant number 883) who was replaced by Pedro Miguel Argente de Freitas e Matos Gomes (ROC n.º 1172), who was, in November, also replaced by Nuno Miguel Cabaço da Silva (ROC n.º 1462). According to the General Meeting held on December 18, 2015, Deloitte & Associados SROC, S.A., represented by Nuno Miguel Cabaço da Silva (ROC n.º 1462) was designated for the mandate 2016/2019.

40. Number of mandates of the Company's supervisor

Deloitte & Associados, SROC, SA is the Company Supervisor since the mandate 2004/2007, represented first by Carlos Manuel Pereira Freire, who was in 2007 replaced by João Luís Falua Costa da Silva no exercício. Deloitte & Associados, SROC S.A. was designated for the mandates 2008/2011 and 2012/2015, being represented by João Luís Falua Costa da Silva, who was

replaced in 2015 by Pedro Miguel Argente de Freitas e Matos Gomes and, in November 2015, by Nuno Miguel Cabaço da Silva (ROC n.º 1462). The Audit Committee approved the maintenance of Deloitte & Associados, SROC S.A. for the mandate 2016/2019.

41. Other services of the Audit Supervisor

Deloitte & Associados, SROC, SA also provided the Company and its subsidiaries consulting (including tax consulting) and internal audit control services.

V. EXTERNAL AUDITOR

42. Identification of the external auditor

Deloitte & Associados, SROC, SA, a company registered with the Chartered Accountants Association, under number 43, and with the CMVM auditors register, under number 231, was the external and Statutory Auditor in 2012-2015. The external statutory auditor was represented by João Luís Falua Costa da Silva, replaced by Pedro Miguel Argente de Freitas e Matos Gomes in 2014, thus assuring the necessary rotation of representatives as established in the Statutory Auditors Regulation.

43. Duration of the External Auditors functions

Deloitte & Associados, SROC, SA is the Company Supervisor since the mandate 2004/2007, represented first by Carlos Manuel Pereira Freire, who was in 2007 replaced by João Luís Falua Costa da Silva no exercício. Deloitte & Associados, SROC S.A. was designated for the mandates 2008/2011 and 2012/2015, being represented by João Luís Falua Costa da Silva, who was replaced in 2015 by Pedro Miguel Argente de Freitas e Matos Gomes and, in November 2015, by Nuno Miguel Cabaço da Silva (ROC n.º 1462).

44. Rotation of the External Auditor

Up until the present date, the Company has not deemed necessary to replace the external auditor on a regular basis, despite ensuring that the Statutory Auditor is represented by a different partner during each term, as established in the Statutory Auditors Regulation.

45. Proposal concerning the appointment of the External Auditor

The Audit Committee is responsible for evaluating the performance of the external auditor and ascertaining their independence, on an annual basis, jointly with the Financial Direction of Media Capital. The Audit Committee approved the services provided by the external auditor and the corresponding fees.

46. Other tasks conducted by the external auditor for the Company and/or its subsidiaries and internal procedures for the approval and justification of these works

Aside from the certification services, the Statutory Auditor also provided internal audit control and consultancy services, which include monitoring the application of the remuneration systems of the governing bodies and the risk control system. The Statutory Auditor reports all irregularities to the audit Committee.

The Company hires the referred external services as it does not have the necessary internal resources to do so. The Audit Committee monitors and supervises the Statutory Auditor work, intermediates the contacts with the Company's and delimits the Statutory Auditors' fees and scope of work, thus assuring its independence.

47. Annual payment

In 2015, Grupo Media Capital paid Deloitte the total amount of 426,710.00 euros, which comprises:

Statutory audits: 283,210.00 euros / 66.4% *;

Tax consultancy: 100,000.00 euros / 23.4%;

Other services: 26,000.00 euros / 6.1%.

*Include all services to Grupo Media Capital's spanish subsidiaries, audited by Deloitte S.L. (Deloitte Espanha), that amounted to 15,710.00 euros.

Grupo Media Capital also required Deloitte SL internal audit services, which totalled 17,500.00 euros / 4.1%.

C. INTERNAL ORGANIZATION

I. Articles of Association

48. Restrictions concerning changes to the COmpany's Articles of Association

The Memorandum of Association does not establish any restrictions concerning changes to the Company's Articles of Association. By law, any amendments to the Articles of Association must be approved by a qualified majority in a General Meeting, according to article 386 of the Commercial Companies Code.

II. Whistleblowing

49. Whistleblowing policy

Media Capital has implemented a whistleblowing policy for reporting irregularities allegedly occurred in the Company. In this sense, Media Capital has implemented a system that allows any individual or entity related to the Group (including clients, suppliers, employees, shareholders and other stakeholders) to report any accounting, financial or management irregularities that might have occurred within the Group, or any other illicit activities or wrongdoings, directly to the Audit Committee, in strict confidence, according to management transparency principles and Good

Corporate Governance Practice, and observing CMVM recommendations. This system allows early detection of irregularities that, if practised, might cause major damages to Media Capital Group companies and their stakeholders.

Irregularities are reported through the Company's website (<http://www.mediacapital.pt>), by filling the corresponding form, which is automatically sent to praticasindevidas@mediacapital.pt. Reports are received by the Audit Committees of the Media Capital Group and the Prisa Group, and by the corresponding Internal Audit Departments. Confidentiality and anonymity are ensured if requested by the individual or entity reporting the occurrence. The Chairman of the Media Capital Audit Committee will be responsible for allocating resources and defining suitable methods and procedures to investigate reported irregularities.

III. Internal Control and Risk Management

50. Responsibilities for internal audit and internal control systems

The Board of Directors and the Audit Committee are responsible for implementing, evaluating and monitoring internal control systems, with a view to ensuring that the level of internal control is suited to the risks identified.

The Board of Directors considers that the risk control systems implemented are suited to the risks to which Media Capital is exposed, and that detection of potential risks has been ensured, as well as effective action in case of their occurrence.

51. Hierarchical dependence in relation to other bodies or committees

Given its responsibility for defining the Company's general strategic principles, particularly strategic and business plans, management goals, budgets and financial projections, the Board of Directors monitors the internal information and risk control system on a regular basis, ensuring that risks are suitably identified and managed jointly with the business units involved, as described in this Report.

The Board of Directors coordinates its monitoring efforts with the Audit Committee, which is responsible for evaluating the internal control and risk management system currently in place and suggest changes, according to the Company's requirements.

The monitoring of risk and opportunity assessment and management systems are assured by the Audit Committee. The ultimate goal of this monitoring, which is based on an integrated management model, is to ensure compliance with Good Corporate Governance Practice and transparency in all communications to the market and shareholders.

In response to market challenges and in order to assure adequate and effective control mechanisms, Grupo Media Capital has an Internal Audit department. The Strategic Committee of Media Capital, analyses and monitors both financial and operational risks and is responsible for the following:

- Management of materially relevant risks;
- Implementation and monitoring of the required procedures to ensuring adequate risk control;
- Assessment and quantification of residual risks to which companies are exposed;

- Identification of critical areas and proposing of mitigation measures;
- Provision of new inputs to the Risk Management Model, in order to alert the Company to emerging risks and/or control system deficiencies.

52. Other risk control areas

Aside of the above mentioned, there are no other departments or areas in the Company with competences in risk control.

53. Types of risks associated with the Company's business

Media Capital is exposed to three different types of risks associated with its business: regulatory, financial and operational risks.

i) Regulatory

Risk

As any other operator in the Portuguese media industry, the Media Capital Group is required to comply with a series of laws, regulations and directives that restrict the Group's operations. The granting, renewal and ownership of television and radio broadcasting licences, as well as the timing and contents of television and radio programmes, advertising time within a given period and advertising contents, amongst other aspects, are governed by current legislation, regulations and directives.

Risk Control

The Portuguese Media Authority (Entidade Reguladora para a Comunicação Social – ERC, hereinafter referred to as ERC) is responsible for granting and renewing television broadcasting licences. All existing free-to-air television broadcasting licences were granted in 1992, for 15-year periods, and may be renewed for a further 15 years, upon request by the corresponding holders, provided certain conditions are met.

On 20 June 2006, the ERC issued Decision 1-L2006 on the renewal of the television broadcasting licences granted to SIC and TVI, for 15 years, concerning the generalist channels known as “SIC” and “TVI”, respectively. Following the special administrative lawsuit filed with a view to annulling the obligations arising in connection with these licences, the ERC issued Decision 2/LIC-TV/2007, on 20 December 2007, whereby Decision 1-L2006 was reiterated, although a few specific aspects were changed.

Radio broadcasting licences are currently valid for a 15-year period and may be renewed for a further 15 years, upon request by the corresponding holders, under the terms of Law 54/2010, of 24 December, which approves Radio Regulations, provided certain conditions are met. Licences granted by the ERC have been recently renewed. Renewal requests have been submitted to the ERC in advance of the expiry dates of existing licences, according to the applicable legislation. Media Capital considers that the risk associated with this process is very small, since renewal requests are unlikely to be refused if all requirements are met, as is the case. In fact, Media Capital radio stations have never received any notifications from the ERC as a result of failure to comply with licensing conditions. Media Capital Group managers and operating units are responsible for

monitoring licensing requirements and the relationship between the Group and regulatory authorities.

ii) Financial

Media Capital Group business units are responsible for managing financial risk, under the supervision of the Strategic Committee. Risk management is based on the general identification and subsequent prioritising of risk factors, with a view to defining strategies aimed at minimising exposure to critical risk factors and implementing internal control systems and procedures aimed at reducing risk to acceptable levels.

Media Capital Group business is also influenced by a series of somewhat uncontrollable risk factors. Faced with this threat, the Company has developed a series of internal control procedures, namely in the financial area, with a view to managing and monitoring the following risk factors, in a proactive manner:

- **Market risk**

Market risk is associated with changes in interest and exchange rates.

(i) Interest rate risk

The Company regularly controls its financial ratios and other metrics in order to control its debt.

Market risk is associated with changes in interest and exchange rates.

(i) Interest rate risk

Interest rate risk essentially results from a bond loan and from the variable interest rate payable on the contracted commercial paper programme.

Nevertheless, interest rate risk is not addressed by the risk management policy, since the Company has considered that the impact of exposure to this risk would not be significant, as shown in the annex to the financial statements.

(ii) Exchange rate risk

Exchange rate risk is essentially associated with the investment in Plural Entertainment Inc., in currencies other than the Euro, the Group's reporting currency, as well as to the buying and selling of programmes/rights in foreign currencies.

Risk factors likely to affect the Group include the exchange rate risk associated with agreements concerning broadcasting rights, for which no hedging instruments have been contracted.

- **Credit Risk**

Credit risk is essentially associated with accounts receivable, as a result of the Group's operations. The Group endeavours to reduce this risk through its discount policy, which rewards early repayment and full payment in cash. This risk is regularly monitored by each of the Group's business areas, in order to:

- limit the amount of credit granted to clients, considering the corresponding profiles and the period over which amounts have been due;
- monitoring granted credit;
- analysing debt recovery efforts on a regular basis.

Impairment losses on accounts receivable are calculated based on the following:

- the period over which each amount has been due;
- the risk profile of the client;
- the financial condition of the client.

The Board of Directors considers that impairment losses on accounts receivable have been suitably estimated in financial statements. Media Capital believes that impairment losses on accounts receivable do not need to be increased, as the values calculated as described above are deemed adequate. It should also be stressed that the financial discounts offered in case of early repayment or full payment in cash contribute to reducing credit risk in all business areas..

- **Risco de liquidez**

The Group may be exposed to liquidity risk if funding sources, such as operating cash flow, divestment, credit lines and cash flows from financing operations are not sufficient to meet financing needs, such as cash payments for operations and financing, investments, shareholder remuneration and debt repayment.

In order to mitigate liquidity risk, the Group has endeavoured to maintain a liquid position and ensure that average debt maturities allow the corresponding repayment on the due dates.

iii) Operational risk

The Media Capital Group is exposed to several operational risk factors, namely related to company operations, human resources, IT systems and strategies adopted. The following risk factors have been identified as the most relevant:

Economic environment	Technological evolution	Talent retention
Loss of audience	Piracy	Legal and fiscal
Consumer trends	Systems integrity	Fraud

As already mentioned, the Media Capital Group has implemented an official risk identification and mitigation structure based on an internal control system. This system was developed according to an international model – COSO 2013 (Committee of Sponsorship Organizations) – that includes three levels:

- *Effectiveness and efficiency of operations;*
- *Reliability of financial information;*
- *Compliance with applicable laws and regulations.*

The internal control system, which is based on procedures and internal control manuals, aims to document and standardise procedures across all operating areas and to ensure that all processes and procedures followed by Media Capital Group companies are continuously updated, with a view to ensuring that internal control is effectively achieved and suited to the Group's needs.

The Media Capital Group has defined controls for each cycle and transaction implemented, which are described in the aforementioned manuals. Control manuals are periodically reviewed, in order to ensure that controls are always up to date, considering the constant changes in Group transactions, which contributes to ensuring that change is adequately managed. The corresponding effectiveness is tested and evaluated by an independent entity, on an annual basis. Controls are structured as follows:

Entity Level Controls:

- Internal control environment;
- Risk assessment;
- Information and communications;
- Monitoring;
- Control activities.

Information Technology Controls:

- Access and event control;
- Information system development controls.

Process Level Controls:

- Revenue management;
- Rights management;
- Human resources management;
- Fixed asset management;
- Tax management;
- Balance sheet management;
- Liquidity management;
- Management of accounts receivable;
- Management of accounts payable;
- Consolidation and reporting management;
- Litigation and contingency management.

The Strategic Committee sets a series of specific goals, under the supervision of the Audit Committee, with a view to supporting the Board of Directors. These goals include the following:

- Assisting Media Capital in identifying fragile areas and/or areas lacking suitable internal control procedures;
- Proposing and contributing to the implementation of the best procedures;
- Monitoring and optimising business performance;
- Minimising errors, fraud or undue use of company assets;
- Ensuring the accuracy of the financial and operational information communicated to the Board of Directors of the Media Capital Group;
- Standardising criteria, policies and operational and accounting procedures..

54. Risk control, evaluation, identification and management process.

Media Capital Group has ensured the implementation of mechanism that allow to (i) identify the risks the Company faces; (ii) measure its financial and economic value impact; (iii) compare the risk value with risk coverage costs, when available; (iv) monitor risk and coverage mechanisms evolution.

Grupo Media Capital implemented internal control procedures in order to minimize the impact of the challenges associated with operational diversity and ensure the effectiveness and suitability of internal control procedures and mechanisms.

The risk management methodology adopted by the Media Capital Group follows the international approach adopted by COSO 2013 (Committee of Sponsorship Organizations of the Treadway Commission), as defined by the Committee of Sponsorship Organizations. Within this scope, the methodology adopted consists of the following process:

- Internal and external risks likely to have a significant impact on the Group's strategic goals are identified and prioritised;
- Risk Managers responsible for assessing relevant risks are identified and approved;
- Meetings with the operations managers responsible for managing each risk are held in order to identify risk factors and events likely to affect the operations and business of Media Capital, as well as identify control processes and mechanisms;
- Additionally, the impact and likelihood of occurrence of each risk factor are measured and the need for a response (avoid, control, accept or transfer) determined according to the level of exposure or residual risk;
- The risk mitigation measures defined in the previous stage are monitored, as well as exposure to critical risks. New risk factors are also identified. This stage includes the implementation of internal information and communication mechanisms for the various system components and risk alerts;
- The results and information generated by the Risk Management System are used to communicate information to the market and shareholders on the critical risk factors that might affect Media Capital's business.

55. Key elements of the internal control and risk management systems, in relation to the financial reporting process

Financial reporting is monitored by the Board of Directors and the Audit Committee. The documents are prepared based on the information available by the business units and corporate services and approved by the Board of Directors and the Audit Committee before submission to the supervisory board.

IV. Investor Relations

56. Investor Relations

The Company ensures the existence of an Investor Relations Department whose goals are to streamline and optimise communications with financial markets in general, and with investors (current and potential) and financial analysts in particular.

Under the terms and for the purposes of point 4 of article 233 of the Portuguese Securities Code, Media Capital has appointed Mafalda Ordonhas Pais to the position of Investor Relations Officer. In this sense, Mafalda Ordonhas Pais is responsible for relations with the market and the Portuguese Securities Market Commission. Contact details for the Investor Relations Officer are as follows:

Address: Rua Mário Castelhana, 40, Queluz de Baixo, 2734-502 Barcarena

Telephone: + (351) 21 434 76 03

Fax: + (351) 21 434 59 01

E-mail: ir@mediacapital.pt

The Board of Directors of Media Capital and the Investor Relations Department are available to participate in sector and regional conferences, as well as conference calls, in addition to welcoming visits from investors and financial analysts, with a view to assisting finance brokers in interpreting the Company's financial and strategic information.

57. Market relations

Media Capital has appointed Mafalda Ordonhas Pais to the position of Market Relations Officer.

58. Information requests

Media Capital strives to ensure that all information requests received are answered shortly. Approximately 23 information requests were received in 2015.

V. Website

59. Webaddress

<http://www.mediacapital.pt>.

60. Information about the Company

Media Capital provides relevant institutional information, in Portuguese and English, on its website, at <http://www.mediacapital.pt>.

61. Bylaws and regulations

<http://www.mediacapital.pt/en/p/601/bylaws-and-regulations/>

62. Management, corporate bodies, market relations, investor relations

The following information is also available on the Media Capital website, in the Investors area:

- News highlights;
- Events calendar;
- Mandatory announcements;
- Quarterly and half-year results;
- Notices of General Meetings and background information;
- Annual Report.

63. Financial information

Financial information concerning previous years are available on the Company website (<http://www.mediacapital.pt>).

64. General meeting notice

Information on General Meetings, namely concerning the corresponding agendas, proposals presented, decisions and voting results, are also available on the Company website (<http://www.mediacapital.pt>).

65. General shareholders meeting

<http://www.mediacapital.pt/p/544/assembleia-geral-de-acionistas/>.

D. REMUNERATION

I. Competent Committees

66. Governing Bodies appointment and Remuneration Committee

Under the terms of the Commercial Companies Code and article 17 of the Memorandum of Association, the General Meeting has appointed a Governing Body Appointment and Remuneration Committee, whose main responsibilities are as follows:

- Presenting appointment proposals concerning members of the Board of Directors, the Audit Committee and the General Meeting Board;
- Approving remuneration levels for each member of the aforementioned governing bodies; and
- Reviewing the remuneration policy applicable to the aforementioned governing bodies, on an annual basis.

The Governing Body Appointment and Remuneration Committee is also responsible for evaluating the performance of the members of the Board of Directors.

The remuneration policy applicable to managing staff is defined by the Corporate Governance and Managing Staff Remuneration Committee, which is appointed by the Board of Directors and

composed of members of the latter, as described in greater detail in section c) of point II. Management and Supervision, in Section B, above. Amongst other duties, the Corporate Governance and Managing Staff Remuneration Committee is responsible for submitting proposals concerning the general remuneration policy applicable to managing and executive staff, as well as the remaining employment contract conditions, to the Board of Directors.

II. Governing Body Appointment and Remuneration Committee

67. Members of the Governing Bodies appointment and remuneration committee

The Governing Body Appointment and Remuneration Committee is composed of three to five members, elected by the General Meeting.

The current members of the Governing Body Appointment and Remuneration Committee, who carried out the corresponding duties in 2015, were appointed during the 2012 Annual General Meeting, held on 21 March 2012; replacement of one of the members of this Committee was approved during a General Meeting held on 29 April 2013. As at 31 December 2015, the Committee is composed of the following members:

Chairman: Ignacio Polanco Moreno;

- António García-Mon Marañés;

- Gregorio Marañón y Bertrán de Lis.

68. Experience and knowledge of the members of the Governing Body appointment and remuneration committee

The members of the Governing Body Appointment and Remuneration Committee are senior executives with recognised experience in the market in which they carry out their professional duties, having previously assumed similar roles on other remuneration committees. The Governing Body Appointment and Remuneration Committee consists mostly of non-independent members. However, it is considered that this status does not affect their ability to exercise independent judgement.

The Governing Body Appointment and Remuneration Committee has not engaged the services of any entities in order to assist them with their functions, nor does any of its members have any relationship with the Company's consultant.

III. Remuneration Policy

69. Remuneration policy of the members of the Board of Directors and Audit Committee

The Board of Directors, the Governing Body Appointment and Remuneration Committee and the Corporate Governance and Managing Staff Remuneration Committee presented the main guidelines of a proposed remuneration policy to the shareholders during the General Meeting. This policy, to be applicable to the members of the Board of Directors and Audit Committee, as well as

company managers, as understood according to point 3 of article 248-B of the Portuguese Securities Code, establishes a distinction between executive and non-executive Directors.

The remuneration and compensation policy is revised on an annual basis and submitted to the Board of Directors' approval. This policy aims to assure the commitment between the members of the Board and the Company's interests and the existence of a relationship based on trust, competence, effort and commitment, considered essential to Company performance.

The remuneration and compensation policy applicable to members of the Board of Directors and other company managers was designed having into consideration:

- a) To attract and motivate the members;
- b) To adequately remunerate both the work and results achieved;
- c) To award value creation.

The remuneration and compensation policy applicable to members of the Board of Directors and other company managers take into account data and criteria disclosed by other Portuguese companies and groups in the same sector, considering the current crisis and economic outlook.

70. Information on the remuneration policy

The remuneration and compensation policy applicable to the executive members of the Board of Directors is based on a combination of fixed and variable amounts. The remuneration policy essentially intends to reward commitment and involvement in daily business, thus increasing motivation and aligning itself with long-term business goals, albeit remaining in line with the cost containment policies required as a result of the global crisis and adverse economic environment. In this sense, the amounts paid to the executive members of the Board of Directors of Grupo Media Capital, SGPS, S.A. include fixed and variable amounts (i) a fixed salary, set according to individual responsibilities and comprising a gross base annual salary; (ii) a variable amount, consisting of a performance bonus paid in the following year, based on specific criteria and calculated according to a professional performance formula defined for the year in question.

Annually, the commission establishes a maximum amount for the variable remuneration, fixing and identifying the criteria and circumstances that determine the amounts. Executive Directors also benefit from non-cash benefits, namely health and life insurance, also available for all Company employees.

Non-executive Independent Directors earn a fixed and regular salary. The remuneration of the President of the Board of Directors differs from the rest, according to the position and market practices.

Remuneration policy of non-executive members of the board does not include variable amounts since their functions in the Board of Directors are based on their wide professional experience and valuable know-how. These member's remuneration does not depend on the Company's performance.

The salaries of the members of the Board of Directors are paid on a monthly basis, in equal and successive payments, and are described in the Corporate Governance report.

AUDIT COMMITTEE AND STATUTORY AUDITOR

Once the Audit Committee is composed by non-executive members of the Board of Directors, and these members are remunerated according to their position in the Company, there is no extra payment regarding their function in the Audit Committee.

The fees paid to the Statutory Auditor are set based on market information concerning similar services. Fees are negotiated annually and supervised by the Audit Committee.

MANAGERS

According to point 3 of article 248-B of the Portuguese Securities Code, managers are all employees who have regular access to privileged information and participate in decision-making processes concerning Company management and business strategies, such as the members of the Executive and Business Committees.

The Corporate Governance and Managing Staff Remuneration Committee reviews the remuneration policy applicable to managers on an annual basis.

The amounts paid to managers include a fixed salary and a variable amount. The variable amount consists of a performance bonus paid in the following year, based on specific criteria, which are defined and reviewed annually, and calculated according to a professional performance formula defined for the year in question by the Corporate Governance and Managing Staff Remuneration Committee, after results for the previous year have been calculated.

The remuneration is aligned with economic context.

71. Variable amounts

Annually, the Corporate Governance and Managing Staff Remuneration Committee establishes a maximum amount for the variable remuneration, fixing and identifying the criteria and circumstances that determine the amounts. Variable remuneration is only due to the Executive members of the Board of Directors.

72. Deferred payment of variable amounts

Variable amount consists of a performance bonus paid in the following year.

73. Share allocation plan

The Company has not implemented any share allocation plans to members of the Board of Directors or the Audit Committee, or to other Company managers.

74. Stock option plans

The Company has not implemented any stock option plans to members of the Board of Directors or the Audit Committee, or to other Company managers.

75. Non-cash benefit systems

The Company has not implemented any non-cash benefit systems for the members of the Board of Directors.

76. Pension or early retirement schemes

Additionally, the Company has not implemented any pension schemes or early retirement schemes aimed at Directors.

IV. Remuneration Disclosure

77. Amounts paid to the members of the Board of Directors

The amounts paid to the members of the Board of Directors of the Media Capital Group, both executive and non-executive, over the year ending on 31 December 2015, totalled 958,969.36 euros.

The CEO is paid by Media Capital Group companies. The following amounts were paid in 2015:

	Fixed remuneration (€)	Variable remuneration (€)
Rosa Cullell	Euro 350.000,00	Euro 141.500,06
Miguel Gil *	Euro 53.750,00	Euro 78.540,00
<i>Total</i>	<i>Euro 403.750,00</i>	<i>Euro 220.040,06</i>

* Miguel Gil apresentou renounced in January 15, 2015. The amount is propotional.

The following amounts were paid to non-executive Directors in 2015 (corresponding exclusively to fixed salaries):

Miguel Pais do Amaral	Euro 209.000,00
Jaime Roque Pinho D' Almeida	Euro 41.135,05
Javier Lázaro Rodríguez *	_____
Jose Luis Sainz	_____
Miguel Gil **	Euro 43.909,20
Manuel Polanco	_____
Pedro Garcia Guillen ***	_____
Tirso Olazábal	Euro 41.135,05
<i>Total</i>	Euro 335.179,30

* Javier Lázaro Rodríguez renounced on October 21, 2015

** Miguel Gil became non-executive member on January 16, 2015

*** Pedro Garcia Guillén renounced on May 8, 2015

The remuneration of the non-executive members is paid by the Company. The executive members who renounced in 2015 were all non-remunerated by the Company or any of its subsidiaries.

78. Amounts paid by other companies

Executive members of the Board of Directors are fully paid by the Company and its subsidiaries.

79. Dividends or other bonuses

No dividends and/or bonuses other than those included in the aforementioned variable amounts were paid by the Company.

80. Compensations

No compensation amounts were paid in 2015 to former Directors upon cessation of their functions.

81. Amounts paid to the members of the Audit Committee and Statutory Auditor

Audit Committee members are paid as members of the Board of Directors.

The fees paid to the Statutory Auditor are set based on market information concerning similar services. Fees are negotiated annually and supervised by the Audit Committee. The amounts paid are described in point 47 of the present Report.

82. Amount paid to the President of the General Meeting Board

The members of the General Meeting Board members earn fixed amounts. In 2015, the members of the General Meeting Board were remunerated for their attendance and participation in the General Meetings of Media Capital. The Chairman and Vice-Chairman of the General Meeting Board were paid 3.000.00 and 1.500.00 euros, respectively.

V. Compensation Agreements

83. Compensation payments upon dismissal of any member of the Board of Directors

No compensation payments are foreseen, irrespective of their nature, upon dismissal of any member of the Board of Directors during their term, except in case of unfair dismissal of the CEO, in accordance with the agreements signed within the scope of the corresponding professional relationship with the Media Capital Group.

84. Compensation payments in case of resignation or unfair dismissal following a change of control

To the knowledge of the Board of Directors, no agreements have been signed between the Company and Directors and/or managers whose clauses determine the payment of any compensation in case of resignation or unfair dismissal following a change of control. None of the members of the Board has celebrated any agreement intending to mitigate risks affecting the respective remuneration fixed by the Company.

VI. Share Allocation Plans and/or Stock Options

85. Identification of the plan

The Company has not implemented any share allocation plans, nor has it granted stock options or paid any bonuses based on share price variation to members of the Board of Directors or the Audit Committee, or to other Company managers, since 2007. Moreover, the Company has not implemented any pension schemes applicable to members of the Board of Directors or Audit

Committee, or to other Company managers; accordingly, these issues were not discussed at the General Meeting.

86. Characterization of the plan

Not applicable.

87. Stock options

Not applicable.

88. Employee share schemes

Media Capital has not implemented any employee share schemes. Accordingly, no control policies concerning this issue are required.

E. TRANSACTIONS WITH STAKEHOLDERS

I. Control Mechanisms and Procedures

89. Control mechanisms in transactions with stakeholders

According to the Regulations issued by the Board of Directors, transactions with stakeholders shall be subject to prior approval by the Board of Directors. Approval shall be based on the opinion of the Audit Committee, which shall be responsible for evaluating the transaction in question, considering current market conditions.

90. Control mechanisms concerning transactions

In 2015 the Audit Committee evaluated all transactions celebrated with stakeholders and relevant shareholders, and determined the relevant criteria according to the applicable regulation (art 23° and 31° of the regulation).

91. Procedures regarding the intervention of the audit committee

The Audit Committee used economic criteria to establish relevant benchmark levels to analyse business with relevant shareholders, issuing a preliminary opinion to the celebration of significant transactions.

II. Transaction Information

92. Information on transactions with stakeholders

Information on transactions with stakeholders, produced according to the requirements of the IAS 24, is included in Note 32 of the Annex to consolidated financial statements.

PART II - CORPORATE GOVERNANCE EVALUATION

As a listed company governed by Portuguese law and issuer of shares traded on NYSE Euronext Lisbon, a regulated stock exchange, Media Capital follows the recommendations issued by the CMVM in its 2013 Corporate Governance Code, available on the CMVM website.

Promotora de Informaciones, S.A. (“Prisa”), which currently owns over 90% (ninety percent) of the share capital of Media Capital, through Vertex, SGPS, S.A., issued American Depository Shares in 2010, which were traded on the New York Stock Exchange (withdrawal occurred in 2H’14). Trading of these securities on a U.S. regulated market motivated the need for Prisa and its subsidiaries, including Media Capital and the corresponding subsidiaries, to implement a series of U.S. laws and regulations.

In what concerns Corporate Governance issues, standardisation of internal practices and procedures required the compliance with the aforementioned legislation and regulations.

In particular standard whistleblowing procedures were implemented across the Prisa Group, in order to ensure that any potential irregularities can be communicated directly and anonymously.

Media Capital also follows a Conduct Code since 2011, which establishes a series of regulations aimed at ensuring transparency and compliance with Good Corporate Governance Practice, which must be observed by all Prisa Group companies, including the Media Capital Group.

Recommendation / Section	Compliance	Report Information
I. VOTING AND COMPANY CONTROL		
I.1. Companies should encourage their shareholders to participate and vote in General Meetings, namely by ensuring that the number of shares corresponding to one vote is not excessively high and by implementing the required means to allow mail and online voting.	Complies Partly The Company adopted all the necessary means to implement electronic vote	Part I, Section B I. General Meeting b) Exercising of Voting Rights
I.2 Companies should not adopt mechanisms likely to hinder the reaching of decisions by their shareholders, namely the setting of stricter quorum requirements than those defined by law.	Complies	Part I, Section B I. General Meeting b) Exercising of Voting Rights
I.3. Companies should not implement mechanisms that will lead to imbalances between voting rights and the right to receive dividends or subscribe new securities, unless such mechanisms are deemed to serve the interests of shareholders in the long run.	Complies	Part I, Section B I. General Meeting b) Exercising of Voting Rights
I.4 When the articles of association of a company determine the imposition of limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others, the same articles of association should stipulate that the	Not applicable	Part I, Section B I. General Meeting b) Exercising of Voting Rights

Recommendation / Section	Compliance	Report Information
maintenance or elimination of this statutory provision should be subject to vote by the General Meeting at least every five years – without stricter quorum requirements than those defined by law – and that all votes cast for this purpose must be counted, without considering any such limits.		
I.5 No measures aimed at demanding payments or the assuming of any obligations by the Company in case of change of control or changes to the composition of the Board of Directors, which might have an impact on share transfers or the independent evaluation of the Board of Directors' performance by shareholders, should be adopted.	Does not comply The Company celebrated financial agreements that demand anticipated payment in case of change of control	Part I, Section A I. Capital Structure
II. MANAGEMENT AND SUPERVISION		
II.1 Management and Supervision		
II.1.1. Within the limits defined by law and unless this is not feasible due to company size, the Board of Directors should delegate daily company management on an appointed CEO, in which case delegated powers should be listed in the Corporate Governance Report.	Complies	Part I, Section B II. a) Composition
II.1.2. The Board of Directors should ensure that company business is undertaken according to its goals, namely by ensuring that the following powers are not delegated: (i) definition of company strategies and general policies; (ii) definition of the group's business structure; (iii) reaching strategic decisions for which the Board of Directors as a whole should be responsible, owing to the amounts, risks or special characteristics involved.	Complies	Part I, Section B II. a) Composition
II.1.3. In addition to company supervision, the General and Supervisory Board should assume full responsibility in all matters related to company management. Accordingly, it should be ensured, by means of statutory or equivalent provisions, that this Board participates in the definition of company strategies and general policies, definition of the group's business structure and reaching of decisions deemed strategic, owing to the amounts, risks or special characteristics involved. Additionally, this Board should also evaluate compliance with the company's strategic plan and main policies.	Not applicable given the Corporate Governance model adopted by the Company.	
II.1.4. Unless this is not feasible due to company size, the Board of Directors and the General and Supervisory	Complies	Part I, Section B

Recommendation / Section	Compliance	Report Information
<p>Board, depending on the model adopted, should create all required committees to ensuring the following:</p> <p>a) Ensuring that the performance of executive directors, as well as its own global performance and that of the various committees, are evaluated in a competent and independent manner;</p> <p>b) Ensuring suitable reflection on the governance structure and practices adopted, by monitoring their effectiveness and proposing suitable improvement measures to the competent bodies.</p>		<p>II. c) Governing and Supervisory Committees</p>
<p>II.1.5. The Board of Directors or the General and Supervisory Board, depending on the model adopted, should set goals concerning assumed risks and create risk control systems, in order to ensure that the risks to which the company is effectively exposed are in line with the goals defined.</p>	<p>Complies</p>	<p>Part I, Section C III. Internal Control and Risk Management</p>
<p>II.1.6. The number of non-executive members of the Board of Directors should be sufficient to ensure the effective monitoring, supervision and evaluation of the activities undertaken by the remaining members.</p>	<p>Complies</p>	<p>Part I, Section B II. b) Operation</p>
<p>II.1.7. Independent directors should represent an adequate percentage of non-executive directors, considering the governance model adopted, company size, the shareholding structure and the corresponding free float.</p> <p>The independence of General and Supervisory Board and Audit Committee members is ascertained based on the applicable legislation. Concerning the remaining members of the Board of Directors, a director qualifies as independent when not associated with any specific group within the company and when their exercise of independent judgment is not likely to be compromised by any particular circumstances, namely the following:</p> <p>a. To have been a company employee, or an employee of a controlling or group company, within the last three years;</p> <p>b. To have provided services or established a significant business relationship with the company, or with a controlling or group company, either directly or as a partner, director or manager;</p> <p>c. To receive any remuneration from the company, or from any controlling or group company, other than the due remuneration for the corresponding functions as a director;</p>	<p>Complies</p>	<p>Part I, Section B II. a) Composition</p>

Recommendation / Section	Compliance	Report Information
<p>d. To be the spouse, common-law partner or a relative, down to the third degree and including collateral lines, of any director or any individual who directly or indirectly holds a qualifying share;</p> <p>e. To hold or represent a holder of a qualifying share.</p>		
<p>II.1.8. Executive directors shall be required to provide all information required by the remaining members of the governing bodies, in a timely manner.</p>	Complies	Part I, Section B II. b) Operation
<p>II.1.9. The Chairman of the Executive Board or Executive Committee shall be required to send the notices and minutes of all meetings to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Committee, as applicable.</p>	Not applicable given the Corporate Governance model adopted by the Company.	
<p>II.1.10. Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall be required to appoint an independent director, selected amongst its members, to ensure coordination with non-executive directors and establish the required conditions for the latter to reach decisions in an independent and informed manner, or to implement an equivalent mechanism to ensure the aforementioned coordination.</p>	Not applicable The Chairman of the Board of Directors does not carry out executive duties.	Part I, Section B II. a) Composition
<p>II.2 Supervision</p>		
<p>II.2.1. The Chairman of the Audit Board, Audit Committee or Financial Committee, depending on the model adopted, should be independent, according to the applicable legislation, and possess the necessary skills to carry out the corresponding duties.</p>	Complies	Part I, Section B III. c) Competences and Duties
<p>II.2.2. The Audit Committee shall be required to liaise with the external auditor and to be the primary recipient of all reports produced by the latter, in addition to being responsible for proposing the corresponding remuneration and ensuring that the necessary conditions for the provision of audit services are provided by the Company.</p>	Complies	Part I, Section B III. c) Competences and Duties
<p>II.2.3. The Audit Committee shall be required to evaluate the external auditor on an annual basis and to propose their dismissal or termination of the corresponding service provision agreement to the competent body, whenever justified.</p>	Complies	Part I, Section B V. External Auditor

Recommendation / Section	Compliance	Report Information
II.2.4. The Audit Committee shall be required to evaluate the effectiveness of internal control and risk management systems and suggest changes, if required.	Complies	Part I, Section B III. c) Competences and Duties
II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Board shall be required to voice their opinion concerning audit plans and resources allocated to internal audit and compliance services, and shall be the recipients of reports produced by these services, at least when accounts, resolution of conflicts of interest or actions flagged as potentially illicit are involved.	Complies	Part I, Section B III. c) Competences and Duties
II.3 Remuneration Policy		
II.3.1. All members of the Remuneration Committee, or an equivalent body, should qualify as independent with regard to executive directors. Additionally, the Remuneration Committee must include at least one member with experience and knowledge of remuneration issues.	Complies partly The Remuneration Committee is mostly composed of non-independent members.	Part I, Section D II. Governing Body Appointment and Remuneration Committee
II.3.2. No individual or company that provides or has provided services to the Board of Directors or any corporate body controlled by the latter within the last three years, or that currently has a relationship with the company or a company consultant, should be appointed to assist the Remuneration Committee in the carrying out of its duties. This recommendation also applies to any individual or company related to the aforementioned parties through an employment contract or service provision agreement.	Complies	Part I, Section D II. Governing Body Appointment and Remuneration Committee
II.3.3. The declaration on the remuneration policy applicable to the Board of Directors and Audit Committee to which article 2 of Law 28/2009, of 19 June, refers, should also include the following information: a) Identification and explanation of the criteria used to determine the amounts paid to members of governing bodies; b) Information on the maximum amounts payable to members of governing bodies, individually and globally, and identification of the circumstances under which such amounts might be paid; d) Information concerning whether or not compensation payments upon resignation or dismissal are required.	Complies partly	Part I, Section D III. Remuneration Policy
II.3.4. Proposals concerning share allocation plans and/or stock options based on share price variation,	Not applicable	Part I, Section D

Recommendation / Section	Compliance	Report Information
aimed at members of governing bodies, must be submitted to the General Meeting. Proposals must include all required information for suitable evaluation.	The Company has not implemented any share allocation plans.	VI. Share Allocation Plans and/or Stock Options
II.3.5. Proposals concerning pension schemes applicable to members of governing bodies must be submitted to the General Meeting. Proposals must include all required information for suitable evaluation.	Not applicable The Company has not implemented any pension schemes.	Part I, Section D III. Remuneration Policy
III. REMUNERATION		
III.1. The amounts paid to executive members of the Board of Directors should be based on effective performance; assuming of excessive levels of risk should be discouraged.	Complies	Part I, Section D III. Remuneration Policy
III.2. The amounts paid to non-executive members of the Board of Directors and members of the Audit Committee should not include any component based on company performance or value.	Complies	Part I, Section D III. Remuneration Policy
III.3. Variable remuneration should be reasonable with regard to fixed salaries and upper limits should be set for all amounts paid.	Complies	Part I, Section D III. Remuneration Policy
III.4. Payment of a significant part of variable amounts should be deferred for at least three years and depend on the good performance of the company over that period.	Does not comply Variable amounts are paid in the year following that to which they refer.	Part I, Section D III. Remuneration Policy
III.5. The members of the Board of Directors must not sign any agreements with the company or any third parties for the purpose of mitigating the risks associated with variable remuneration, as set by the company.	Complies	Part I, Section D V. Compensation Agreements
III.6. Executive Directors shall be required to hold company shares received as a result of variable remuneration plans until the end of their term, up to a limit corresponding to twice their total annual remuneration, except when selling is required in order to pay tax on income from the shares in question.	Not applicable The Company has not implemented any share allocation plans.	Part I, Section D VI. Share Allocation Plans and/or Stock Options
III.7. When variable remuneration includes stock options, the exercise period should be deferred for at least three years.	Not applicable The Company has not implemented any share allocation plans.	Part I, Section D VI. Share Allocation Plans and/or Stock Options

Recommendation / Section	Compliance	Report Information
<p>III.8. The company should ensure the existence of suitable legal instruments so that no compensation amounts greater than those defined by law can be demanded whenever a Director is dismissed as a result or inadequate performance, even if no serious breach of duty or inability to carry out their duties is at stake.</p>	Complies	<p>Part I, Section D. V. Compensation Agreements</p>
IV. AUDIT		
<p>IV.1. The external auditor shall be required, within the scope of the corresponding competences, to monitor the remuneration policy and plans applicable to governing bodies, evaluate the effectiveness of internal control mechanisms and report any deficiencies to the Audit Committee.</p>	Complies	<p>Part I, Section B V. External Auditor</p>
<p>IV.2. Audit services should be the only services provided to the company, or to any controlling company, by the external auditor or any other company in the same group or network. If a valid reason exists for contracting out any other services – which must be approved by the Audit Committee and described in the Annual Corporate Governance Report –, the value of the latter must not represent more than 30% of the total value of services provided to the Company.</p>	<p>Does not Comply The Company contracted tax and audit services that represent more than 30% of the total value of services provided by the company</p>	<p>Part I, Section B V. External Auditor</p>
<p>IV.3. Companies should replace the external auditor after two to three terms, depending on whether each term corresponds to four or three years, respectively. Any decision to maintain the external auditor beyond this period must be based on a specific opinion issued by the Audit Committee, resulting from careful consideration of the advantages and costs of their replacement and analysis of their independence.</p>	Complies	<p>Part I, Section B V. External Auditor</p>
V. TRANSACTIONS WITH STAKEHOLDERS		
<p>V.1. Transactions with holders of qualifying shares or related entities, as defined in article 20 of the Portuguese Securities Code, must be performed under normal market conditions.</p>	Complies	<p>Part I, Section E I. Control Mechanisms and Procedures</p>
<p>V.2. The Audit Committee shall be required to establish the required procedures and criteria to identify significant transactions with holders of qualifying shares – or related entities, as defined in point 1 of article 20 of the Portuguese Securities Code –, whose carrying out will depend on their prior approval.</p>	Complies	<p>Part I, Section E I. Control Mechanisms and Procedures</p>

Recommendation / Section	Compliance	Report Information
VI. INFORMATION		
VI.1. Companies shall be required to provide information on their business and current economic, financial and governance situation, in Portuguese and English, on their websites.	Complies	Part I, Section C V. Website
VI.2. Companies should strive to maintain permanent contact with the market through an Investor Relations Department able to respond to requests from investors in a timely manner. A record of requests and their processing should be kept.	Complies	Part I, Section C IV. Investor Relations

February 18, 2016

The Board of Directors,

Miguel Pais do Amaral (President)

Rosa Maria Cullell Muniesa (CEO)

Jaime Roque de Pinho D'Almeida

José Luís Sainz

Manuel Polanco Moreno

Miguel Gil Peral

Tirso Olazábal Cavero

ANNEX

Curricula

Miguel Maria De Sá Pais Do Amaral

President of the Board of Directors of Media Capital Group.

Miguel Pais do Amaral studied engineering at Instituto Superior Técnico in Lisbon and a got a MBA degree by INSEAD. Between 1991 and 1998 he was Chairman of SOCI, SA, Manager of Euroknights, Director of Compagnie Generale des Eaux and Chairman of Diana SA. In 1995, Miguel Pais do Amaral founded the Media Capital group, which became the leading media company in Portugal, involved in television broadcasting and production, outdoors, internet, radio, musical production and film production. From 2007 onwards, he concentrated his business activities on Quifel Holdings investing in different business sectors – book publishing and education, information technologies, natural resources and renewable energies, finance and real estate. He is currently Chairman of Grupo Leya, Reditus and other national and international companies. President of the Media Capital Board of Directors since 16 March 2011, he was re-elected for the mandate 2012/2015.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
AGEIRIDGE - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
AGEIRON - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
ALFACOMPETIÇÃO - AUTOMÓVEIS E CAVALOS DE COMPETIÇÃO, SA	DIRECTOR
BRIO - PRODUTOS DE AGRICULTURA BIOLÓGICA, LDA	MANAGER
ASK4GREEN, LDA.	MANAGER
BIOBRAX - ENERGIAS RENOVÁVEIS PORTUGAL, LDA.	CHAIRMAN
COMPANHIA DAS QUINTAS SGPS, SA	CHAIRMAN
COURICAL HOLDINGS SGPS, S.A.	DIRECTOR
DIANA - SOCIEDADE DE PROMOÇÃO E INVESTIMENTOS IMOBILIARIOS, LDA.	MANAGER
DREAMS CORNER, LDA.	MANAGER
EDGE CAPITAL SGPS, S.A.	CHAIRMAN
EDGE BERGGRUEN SGPS, SA	CHAIRMAN
EDGE BROKERS, LDA	MANAGER
EDGE INTERNATIONAL HOLDINGS – SGPS, SA	CHAIRMAN
EDGE PROPERTIES SGPS, SA	CHAIRMAN
EDGE RM, LDA	MANAGER
GLOBAL PUBLISHING GROUP BV	MANAGER
EDGE SVCS, LDA	MANAGER
EDGE VS PRESTAÇÃO DE SERVIÇOS, LDA	MANAGER
GREYPART SGPS, SA	DIRECTOR
KENUK – COMPRA E VENDA DE IMÓVEIS, UNIP, LDA	MANAGER
HEMERA ENERGÍAS RENOVABLES ESPAÑA, SLU	CHAIRMAN
HENERGY - ENERGIAS RENOVÁVEIS, LDA.	MANAGER

IXILU - COMPRA E VENDA DE IMÓVEIS, LDA.	MANAGER
LANIFOS - SOCIEDADE DE FINANCIAMENTOS, LDA.	MANAGER
LEYA GLOBAL S.A.	CHAIRMAN
PARTBLEU SGPS, SA	DIRECTOR
LEYA SA	CHAIRMAN
LEYA SGPS SA	CHAIRMAN
NEUTRIPROMO - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
NGOLA VENTURES, LDA.	MANAGER
PHILLIPS PARK LLC	MANAGER
PHILLIPS PARK INVESTMENT CORPORATION	MANAGER
POLISTOCK - SOCIEDADE AGRO-PECUÁRIA UNIPessoal, SA	MANAGER
QUIFEL HOLDINGS SGPS SA	CHAIRMAN
QUARTZTOWN LDA	MANAGER
QUIFEL ENERGIA SGPS UNIPessoal LDA.	MANAGER
QUIFEL INTERNATIONAL GROUP LTD	DIRECTOR
QUIFEL INTERNATIONAL GROUP LTD	MANAGER
QUIFEL INTERNATIONAL HOLDINGS SGPS SA	CHAIRMAN
QUIFEL NATURAL RESOURCES SA	CHAIRMAN
QUIFEL NATURAL RESOURCES SGPS SA	DIRECTOR
QUINTA DA FRONTEIRA SA	DIRECTOR
QUINTA DE PANCAS VINHOS S.A.	CHAIRMAN
REDITUS SGPS SA	DIRECTOR
SITUAVOX , LDA.	MANAGER
SOCIEDADE AGRO-FLORESTAL SERRA DA Pousada LDA.	MANAGER
SOMARECTA- INVESTIMENTOS IMOBILIÁRIOS E TURÍSTICOS LDA.	MANAGER
SPORTS PARTNERS BV	DIRECTOR
TOPBUILDING - INVESTIMENTOS IMOBILIÁRIOS SA	CHAIRMAN
UKSA PORTUGAL, S.A.	CHAIRMAN

On 31 December 2015, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Rosa Maria Cullell Muniesa

CEO of Grupo Media Capital

With a degree in Information Sciences by Universidade Autònoma de Barcelona and a diploma in Top Management by IESE Business School, initiated her career as a journalist in Mundo Diàrio. Was correspondent for a newspaper in London, where she worked to BBC (external services). She was then coordinator of multicultural contents and emigrant support in Perth (Western Australia), working for the Ministry of Immigration. When returning to Spain, she joined TVE-Catalunya and became economy journalist in El País, first in Barcelona, then in Madrid. From 1989 to 2002 she was part of the La Caixa directive team, becoming also member of the board. She was also CEO of Editora Grup 62 a participated company of La Caixa. In February 2005 she was appointed general manager of Gran Teatre de Liceu and between 2008 and 2010 she became general manager of

Corporacion Catalana de Medios Audiovisuales (TV3). Was member of the board of directors of Panrico, Carrefour, Hidroelectrica de Cantabrico, Telefonica de Catalunya, Telefonica de Sao Paulo e Fecsa-Endesa. She was appointed CEO of Media Capital on July 13 2011, for the mandate 2008/2011 and was re-elected for the mandate 2012/2015.

She is also part of the following companies:

GRUPO MEDIA CAPITAL	
MEGLO – MEDIA GLOBAL, SGPS, SA	CHAIRMAN
MEDIA CAPITAL – SERVIÇOS DE CONSULTORIA E GESTÃO, SA	CHAIRMAN
PUBLIPARTNER – PROJECTOS DE MEDIA E PUBLICIDADE, LDA.	MANAGER
MEDIA CAPITAL DIGITAL, SA	CHAIRMAN
IOL NEGÓCIOS – SERVIÇOS DE INTERNET, SA	CHAIRMAN
MCR II – MEDIA CAPITAL RÁDIOS, SA	CHAIRMAN
RÁDIO COMERCIAL, SA	CHAIRMAN
R. CIDADE – PRODUÇÕES AUDIOVISUAIS, SA	CHAIRMAN
RÁDIO REGIONAL DE LISBOA – EMISSÕES DE RADIODIFUSÃO, SA	CHAIRMAN
RÁDIO XXI, LDA.	CHAIRMAN
RÁDIO LITORAL CENTRO - EMPRESA DE RADIODIFUSÃO, LDA.	MANAGER
RÁDIO NACIONAL - EMISSÕES DE RADIODIFUSÃO, UNIPessoal, LDA.	MANAGER
FLOR DO ÉTER - RADIODIFUSÃO, LDA.	MANAGER
DRUMS - COMUNICAÇÕES SONORAS, UNIPessoal, LDA.	MANAGER
RÁDIO VOZ DE ALCANENA (RVA), LDA.	MANAGER
MCME – MÉDIA CAPITAL MÚSICA E ENTRETENIMENTO, SA	MANAGER
MEDIA CAPITAL ENTERTAINMENT – PRODUÇÃO DE EVENTOS, LDA.	CHAIRMAN
FAROL MÚSICA – SOCIEDADE DE PRODUÇÃO E EDIÇÃO AUDIOVISUAL, LDA.	MANAGER
CLMC – MULTIMEDIA, SA	MANAGER
TVI – TELEVISÃO INDEPENDENTE, SA	CHAIRMAN
MCP – MEDIA CAPITAL PRODUÇÕES, SA	CEO
MEDIA CAPITAL PRODUÇÕES, INVESTIMENTOS - SGPS, SA	DIRECTOR
PLURAL ENTERTAINMENT PORTUGAL, SA	DIRECTOR
EMAV – EMPRESA DE MEIOS AUDIOVISUAIS, LDA.	DIRECTOR
EPC – EMPRESA PORTUGUESA DE CENÁRIOS, LDA.	MANAGER
CASA DA CRIAÇÃO – ARGUMENTOS PARA AUDIOVISUAL, LDA.	MANAGER
RÁDIO SABUGAL – RADIODIFUSÃO E PUBLICIDADE, LDA.	MANAGER
RÁDIO MANTEIGAS – RÁDIODIFUSÃO, LDA.	MANAGER
PENALVA DO CASTELHO FM – RADIODIFUSÃO E PUBLICIDADE, LDª	MANAGER
MOLICEIRO – COMUNICAÇÃO SOCIAL, UNIPessoal, LDA.	MANAGER
NOTIMAIA – PUBLICAÇÕES E COMUNICAÇÃO, UNIPessoal, LDA.	MANAGER
RÁDIO CONCELHO DE CANTANHEDE, UNIPessoal, LDA.	MANAGER
SIRPA – SOCIEDADE DE IMPRENSA RÁDIO PARALELO, LDA.	MANAGER
CÔCO – COMPANHIA DE COMUNICAÇÃO, SA	CHAIRMAN
PRC – PRODUÇÕES RADIOFÓNICAS DE COIMBRA, LDA.	MANAGER

POLIMEDIA – PUBLICIDADES E PUBLICAÇÕES, LDA.	MANAGER
R2000 – COMUNICAÇÃO SOCIAL, LDA.	MANAGER
LEIRIMEDIA – PRODUÇÕES E PUBLICIDADE, LDA.	MANAGER
NOT PART OF GRUPO MEDIA CAPITAL	
VERTIX, SGPS, SA	DIRECTOR

On 31 December 2015, she held no shares or voting rights in Grupo Media Capital SGPS, SA.

Jaime Roque de Pinho D'Almeida

Member of the Board of Directors of Media Capital Group.

He has a Law Degree from the Faculdade de Direito de Lisboa Lisbon Classic University, completed in 1965. Mr. D'Almeida has been employed in several senior managerial in the finance sector (commercial banks, investment banking and insurance), in Portugal, London, New York and Zurich, and was a member of the Board of Directors of Banco Borges & Irmão from 1965 to 1969, Banco Totta & Açores from 1969 to 1976 and Bankinstitut Zurich from 1978 to 1983. He was the founding member of M.D.M. - Sociedade de Investimentos S.A. (which later became the Deutsche Bank in Lisbon), where he was CEO and Chairman until January 1989. Joined the American International Group in 1989, where he was responsible for the creation and management of a Group of Companies (Fiseco) managing financial assets and was board a Board member of the Excel Partners Investment Fund in Spain until 1993. Then, he joined the management team of Grupo José de Mello. In 1996, he was appointed Vice-Chairman and CEO of Companhia de Seguros Império S.A. and in 2000, after the acquisition of Companhia de Seguros Império S.A. by Grupo BCP, he became a member of the Board of Directors of Seguros e Pensões Gere SGPS, S.A. and a member of the Board of Directors of other Grupo BCP subsidiaries in the insurance sector. Chairman of the Associação Portuguesa de Seguradores for the term 2005/2008. He was appointed as member of the Media Capital Board of Directors on 10 March 2004.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
SICIT – SOCIEDADE DE INVESTIMENTOS E CONSULTORIA EM INFRAESTRUTURAS DE TRANSPORTES, S.A.	PRESIDENTE
CAPINV – S.A.	ADMINISTRADOR
WILLIS, CORRETORES DE SEGUROS, S.A.	ADMINISTRADOR

On 31 December 2015, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

José Luiz Sainz

Member of the Board of Directors, CEO of Prisa and member of the Board of Directors of Prisa and El País.

He holds a degree in Law and in Business by Universidad Autonoma de Madrid. He started his career in Arthur Andersen in 1985 in consultancy and media. Joined El País in 1989, having occupied distinctive responsibility functions. In 1997 he became Deputy General Director of Prisa, with direct responsibility over the commercial department. Was nominated general Manager of Cadena SER and Prisa Radio, and was CEO of Prisacom until he was appointed CEO of Pretesa and Plural Entertainment. He became General Manager of Group Vocento in 2008 until his return to Prisa in 2011, as Executive Chairman of Prisa Noticias and CEO of El País. In October 2012 he was appointed CEO of Prisa Radio and SER, while maintaining his functions in Prisa Noticias. He became

CEO of Prisa in 2014. He was elected by co-optation as a non executive member of the Board of Directors of Media Capital in October 21, 2015, for the 2012/2015 mandate.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
PROMOTORA DE INFORMACIONES, SA	CEO

On 31 December 2015, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Luis Miguel Gil Peral

Member of the Board of Directors.

Studied at the Faculdade de Ciencias of Universidad Complutense de Madrid, was a journalist and editor of several publications in Spain. He works for Grupo Prisa since 1996 and, until recently, was Chief of Staff of Grupo Prisa's Chairman and CEO. Between 1982 and 1996 he worked for the Spanish Government, namely as Secretary of the Government Spokesman. Within Grupo Prisa, Mr. Gil was Director of Corporate Development and Strategy and Director of Corporate Relations. He is also a Board member of Iberbanda, GMI and GMP (companies from Grupo Prisa). Before, Mr. Gil was also Board member of Repsol, Cadena SER and two companies from the Nelson Taylor Sofres Group – Redecampos and Demoscopia. Additionally, Mr. Gil is since 2002 the Secretary of Foro Iberoamérica. Since 2006 he is a teacher at the Master in Communication, Culture and Information Technology at ISCTE, in Lisboa. Since 2009 he is also Chairman of the fiscal board of the Luso-Spanish Chamber of Commerce. He teaches at the Pós Graduação em Jornalismo ISCTE-IUL/Media Capital since 2013. He was appointed as member of the Board of Directors on 14 December 2005 and was ceased his functions on January 15, 2015.

On 31 December 2015, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Manuel Polanco Moreno

Member of the Board of Directors. Chairman of Prisa Television.

Mr Polanco obtained a BS in Business Management and Economics with a major in International Finances from the Universidade Autónoma de Madrid in Spain. He developed his whole professional career at Grupo Prisa, mainly managing Prisa subsidiaries in the Latin América and in the US, and gaining experience in almost all of Prisa's activities, from editorial to press, advertising and audiovisual production. In 1991 he was appointed CEO of Santillana editing company in Chile and in Peru, in 1994 Managing Director of the Mexican daily newspaper La Prensa and also in charge of the launch of the edition of the daily newspaper El País in México. In 1996, Mr. Polanco moved to Miami where he became the Head of the international business of Grupo Santillana, overseeing the business of its 21 companies in Latin America and US. He came back to Spain in 1999 as CEO of GDM. A little later he also became CEO of GMI. In 2001, Mr. Polanco became part of the top management team of Unidad de Medios España, managing the specialized and regional press. In 2005 he was appointed CEO of Media Capital Group, where he was until the beginning of 2009, when he was appointed Director of Prisa. He his Vice-President of Promotora de Informaciones, S.A., Presidente and Member of the Board of DTS, Distribuidora de Televisión Digital. He was appointed as member of the Board of Directors on 15 November 2005.

He is also part of the following companies:

GRUPO MEDIA CAPITAL	
TVI - TELEVISÃO INDEPENDENTE, S.A.	CHAIRMAN

PLURAL ENTERTAINMENT PORTUGAL, S.A.	CHAIRMAN
MCP – MEDIA CAPITAL PRODUÇÕES, SA	CHAIRMAN
MEDIA CAPITAL PRODUÇÕES – INVESTIMENTOS, SGPS, SA	CHAIRMAN
PLURAL ENTERTAINMENT ESPAÑA, SLU	DIRECTOR
TESELA PRODUCCIONES AUDIOVISUALES, SL	DIRECTOR
PLURAL ENTERTAINMENT CANÁRIAS, SLU	DIRECTOR
SOCIEDAD CANARIA DE TELEVISIÓN REGIONAL, SA	DIRECTOR
PRODUCTORA CANARIA DE PROGRAMAS, SA	DIRECTOR
PLURAL – JEMPSA, SL	DIRECTOR
FORA DO GRUPO MEDIA CAPITAL	
VERTIX, SGPS, SA.	VICE-CHAIRMAN AND MEMBER OF THE EXECUTIVE COMMITTEE
PROMOTORA DE INFORMACIONES, SA	CHAIRMAN
DTS DISTRIBUIDORA DE TELEVISIÓN DIGITAL, S.A.U	DIRECTOR
RUCANDIO, SA.	VICE-CHAIRMAN
TIMÓN, SA.	CHAIRMAN

On 31 December 2015, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Tirso Olazábal Cavero

Member of the Board of Directors.

Tirso Olazábal Cavero has a Bachelor in Business Administration from Universidad Complutense de Madrid (Spain). Tirso Olazábal Cavero was General Manager of Hierros Gastaminza (Madrid) from 1979 to 1984. In 1984 and to 1986, he worked for Nemar S.A. (Bilbao) Stevedor company as Commercial manager. He worked as Area Manager on La Vasco Navarra (Madrid), an Insurance company, from 1987 to 1988. Since 1988 to 2002, Tirso Olazábal Cavero was member of the Board of Directors and Managing Director of Constância Editores S.A. (Lisbon), a publishing company of PRISA Group. Since 2002, he is a major Partner and Managing Director of AGOA, S.A. (Lisbon), a waste management company. From 2009 to 2011 he was the representative in Portugal of the companies Zeronine and Effipap and, from 2011 to 2013, of Dominion. He became Managing Partner of Paywell, Lda in 2014. He was appointed as member of the Board of Directors on 25 September 2006.

He is also part of the following companies:

NOT PART OF GRUPO MEDIA CAPITAL	
BRISA AUTO-ESTRADAS DE PORTUGAL SA	MEMBER OF THE FISCAL BOARD
BRISA CONCESSAO RODOVIARIA, S.A.	MEMBER OF THE FISCAL BOARD
ERSHIP PORTUGAL, S.A.	MANAGER
PAYWELL, LDA.	MANAGER

On 31 December 2015, he held no shares or voting rights in Grupo Media Capital SGPS, SA.



Consolidated Accounts

Consolidated Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of consolidated statements of financial position originally issued in Portuguese - Note 41)

ASSETS	Notes	2015	2014
NON-CURRENT ASSETS:			
Goodwill	15	153,177,601	153,567,601
Intangible assets	16	15,167,438	13,829,031
Tangible fixed assets	17	15,476,389	16,255,334
Investments in associates	18	1,596,457	1,684,796
Available-for-sale assets	26 and 39	4,988	7,632
Transmission rights and television programs	19	53,890,762	48,481,402
Other non-current assets	20	3,229,292	3,693,269
Deferred tax assets	13	2,831,583	3,536,346
		<u>245,374,510</u>	<u>241,055,411</u>
CURRENT ASSETS:			
Transmission rights and television programs	19	29,099,282	33,584,785
Inventories	21	13,244	38,076
Trade and other receivables	22	39,791,295	41,943,078
Current tax assets	13	128,866	245,153
Other current assets	23	8,048,036	12,179,976
Cash and cash equivalents	24	5,545,356	2,995,587
		<u>82,626,079</u>	<u>90,986,655</u>
TOTAL ASSETS		<u><u>328,000,589</u></u>	<u><u>332,042,066</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	25	89,583,971	89,583,971
Reserves	25	29,150,098	28,829,028
Consolidated net profit for the year		17,300,015	16,474,805
Equity attributable to shareholders of the parent company		<u>136,034,084</u>	<u>134,887,804</u>
TOTAL EQUITY		<u><u>136,034,084</u></u>	<u><u>134,887,804</u></u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	27	112,196,528	103,656,212
Provisions	28	7,108,207	6,941,090
Deferred tax liabilities	13	1,293,750	1,358,229
		<u>120,598,485</u>	<u>111,955,531</u>
CURRENT LIABILITIES:			
Borrowings	27	5,571,858	15,062,628
Trade and other payables	29	38,746,106	42,483,114
Current tax liabilities	13	29,701	53,064
Other current liabilities	30	27,020,355	27,599,925
		<u>71,368,020</u>	<u>85,198,731</u>
TOTAL LIABILITIES		<u><u>191,966,505</u></u>	<u><u>197,154,262</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>328,000,589</u></u>	<u><u>332,042,066</u></u>

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of consolidated statements of profit and loss originally issued in Portuguese - Note 41)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>OPERATING REVENUE:</u>			
Services rendered	7 and 8	125,954,762	126,796,187
Sales	7 and 8	146,884	601,699
Other operating revenue	7 and 8	<u>48,284,590</u>	<u>52,374,737</u>
Total operating revenue		<u>174,386,236</u>	<u>179,772,623</u>
<u>OPERATING COSTS:</u>			
Cost of programs issued and goods sold	7 and 9	(17,519,775)	(23,680,217)
Supplies and services	7 and 10	(70,092,606)	(66,078,950)
Personnel costs	7 and 11	(43,447,937)	(45,896,233)
Amortisation and depreciation	7 and 17	(9,176,447)	(8,477,149)
Provisions and impairment losses	7 and 28	(1,082,880)	(1,401,847)
Other operating expenses	7	<u>(2,109,267)</u>	<u>(1,803,364)</u>
Total operating costs		<u>(143,428,912)</u>	<u>(147,337,760)</u>
Operating profit		<u>30,957,324</u>	<u>32,434,863</u>
<u>NET FINANCIAL EXPENSES</u>			
Financial expense	12	(6,082,207)	(8,203,702)
Financial income	12	<u>406,079</u>	<u>499,036</u>
Finance costs, net		(5,676,128)	(7,704,666)
Gain on associated companies, net	18	<u>(229,974)</u>	<u>132,395</u>
Profit before tax		<u>(5,906,102)</u>	<u>(7,572,271)</u>
		25,051,222	24,862,592
Income tax expense	13	<u>(7,751,207)</u>	<u>(8,387,787)</u>
Consolidated net profit for the year on continuing operations		<u>17,300,015</u>	<u>16,474,805</u>
Attributable to:			
Equity holders of the parent		<u>17,300,015</u>	<u>16,474,805</u>
Earnings per share on continuing operations:			
Basic	14	0.2047	0.1949
Diluted	14	<u>0.2047</u>	<u>0.1949</u>

The accompanying notes form an integral part of the consolidated statement of profit and loss for the year ended 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of consolidated statements of recognised income originally issued in Portuguese - Note 41)

	<u>2015</u>	<u>2014</u>
Consolidated net profit for the year	17,300,015	16,474,805
Items that can subsequently be reclassified to the statement of profit and loss:		
Effect of translation of operations realized abroad	(332,865)	(312,077)
Total consolidated profit	<u>16,967,150</u>	<u>16,162,728</u>
Attributable to:		
Equity holders of the parent company	<u>16,967,150</u>	<u>16,162,728</u>

The accompanying notes form an integral part of the consolidated statement of recognised income for the year ended 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Consolidated Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 41)

	Notes	2015	2014
OPERATING ACTIVITIES:			
Cash receipts from customers		225,392,260	219,650,919
Cash paid to suppliers		(116,871,092)	(115,806,306)
Cash paid to employees		(41,944,050)	(45,007,953)
Net cash from operating activities		66,577,119	58,836,660
Recovery/(payment) of income tax	13	176,234	(888,836)
Other cash paid relating to operating activities		(37,637,285)	(46,883,817)
Net cash from operating activities (1)		29,116,068	11,064,007
INVESTING ACTIVITIES:			
Cash received relating to:			
Sale of subsidiaries	5	52,205	-
Sale of tangible fixed assets and intangible assets		8,947,957	947,612
Assets available for sale	26	8,857	382,878
Dividends	6 and 18	111,886	-
Interest and similar income		53,477	159,889
Repayment of loans granted	32	3,323,339	1,703,000
		12,497,721	3,193,379
Cash paid relating to:			
Acquisition of assets	6	(8,923,728)	(294,294)
Acquisition of tangible fixed assets		(7,316,346)	(4,039,758)
Acquisition of intangible assets		(294,983)	(581,853)
Loans granted	32	(58,355)	(1,798,193)
		(16,593,412)	(6,714,098)
Net cash (used in) investing activities (2)		(4,095,691)	(3,520,719)
FINANCING ACTIVITIES:			
Cash received relating to:			
Borrowings		139,298,429	218,108,593
Cash paid relating to:			
Borrowings		(139,984,500)	(210,011,457)
Payment of principal on finance lease contracts		(1,143,431)	(1,325,838)
Interest and other similar expenses		(4,324,729)	(4,005,310)
Dividends	25	(15,820,867)	(9,803,529)
Other financial expenses		(498,597)	(2,749,057)
		(161,772,124)	(227,895,191)
Net cash (used in) financing activities (3)		(22,473,695)	(9,786,598)
Cash and cash equivalents at the beginning of the year	24	2,995,587	5,236,666
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		2,546,682	(2,243,310)
Effect of exchange differences		3,087	2,231
Cash and cash equivalents at the end of the year	24	5,545,356	2,995,587

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2015.

Consolidated Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of consolidated statements of changes in equity originally issued in Portuguese - Note 41)

	<u>Equity attributable to the equity holders of the parent</u>			
	<u>Capital (Note 25)</u>	<u>Reserves (Note 25)</u>	<u>Consolidated net profit for the year</u>	<u>Total equity</u>
Balance at 31 December 2013	89,583,971	25,261,179	13,683,455	128,528,605
Appropriation of net profit for the year:				
Appropriation to reserves	-	3,879,926	(3,879,926)	-
Distribution of dividends	-	-	(9,803,529)	(9,803,529)
Exchange translation difference	-	(312,077)	-	(312,077)
Consolidated net profit for the year	-	-	16,474,805	16,474,805
Balance at 31 December 2014	<u>89,583,971</u>	<u>28,829,028</u>	<u>16,474,805</u>	<u>134,887,804</u>
Appropriation of net profit for the year:				
Appropriation to reserves (Note 25)	-	653,935	(653,935)	-
Distribution of dividends (Note 25)	-	-	(15,820,870)	(15,820,870)
Exchange translation difference	-	(332,865)	-	(332,865)
Consolidated net profit for the year	-	-	17,300,015	17,300,015
Balance at 31 December 2015	<u>89,583,971</u>	<u>29,150,098</u>	<u>17,300,015</u>	<u>136,034,084</u>

The accompanying notes form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

ANNEX

1. INTRODUCTORY NOTE

Grupo Media Capital, SGPS, S.A. (“Media Capital” or “the Company”) is a corporation, it was founded in 1992, has its head office in Portugal in Rua Mário Castelhana, nº 40, Barcarena. It is registered in the Commercial Registry Office of Cascais under corporate entity number 502 816 481 and, through its subsidiary and associated companies (“the Group” or “Grupo Media Capital”), operates in the sectors of broadcasting and the production of television programs and other media business, the realisation, production and broadcasting of radio programs and the production and exploitation of the cinema and video sectors.

The Company’s main shareholder is Vertix, SGPS, S.A. (“VERTIX”), which has its head office in Barcarena, the Group’s consolidated financial statements being included in the consolidated financial statements of Promotora de Informaciones, S.A. (“Prisa”), the parent company of VERTIX, with head office in Madrid.

The accompanying financial statements were approved by the Board of Directors on 18 February 2016 and will be subject to approval by the Shareholders’ General Meeting on a date to be convened.

Media Capital’s shares are listed on the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. stock exchange.

The Group operates essentially in the media sector in Portugal, Spain and Latin America.

Under its television operating licence, TVI – Televisão Independente, S.A. (“TVI”) broadcasts television programs through a generalist broadcasting channel. In addition, through distribution contracts signed with operators, TVI broadcasts the generalist channel, channels TVI 24, TVI Ficção, TVI Internacional and up to 30 November the cable entertainment channel +TVI. It also started broadcasting two theme channels TVI Reality and TVI África exclusively for the respective operators.

MCP – Media Capital Produções, S.A. (“MCP”) is the Group Company that operates in the audiovisual production business through Plural Entertainment Portugal, S.A. (“PLURAL”) in the Portuguese market, the operations of which consist of the creation, production, realization and exploitation of television contents, as well as support to the production of contents and events.

In addition, MCP owns Plural Entertainment España, S.A. (“Plural España”), which operates in the Spanish and Latin American markets. Its operations in this area are the production, production support services and the realization and exploitation of television contents, cinema and audiovisual works, as well as other related services.

MCR II – Media Capital Rádios, S.A. (“MCR II”) is the Group company that operates in the radio business. Its subsidiaries have permits to operate in the radio broadcasting business in Portugal, among others, through “Rádio Comercial”, “Cidade” and “M80”.

Media Capital Digital, S.A. (“Digital”) is the company that operates in the Internet business, which is supported by the www.iol.pt portal which has an extensive network of own contents, an extensive directory of classified information and online publicity.

MCME – Media Capital Música e Entretenimento, S.A. (“MCME”) is the company that operates in the music business, its subsidiaries operating in the production of phonograms, audiovisual and multimedia production, the purchase and sale of records and similar items, the production of events and agency of artists.

CLMC – Multimédia , S.A. (“CLMC”) operates in the acquisition and distribution of cinematographic rights, essentially in areas such as cinema and television.

2. MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The consolidated financial statements have been prepared on going concern basis from the books and accounting records of the companies included in the consolidation (Note 4).

Grupo Media Capital’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

The foreign currency financial statements of the consolidated companies were translated to Euros as explained in Note 2.15.

2.2 Consolidation principles

The consolidation methods used by the Group were as follows:

a) Controlled companies

Investments in controlled companies, defined as companies in which the Group (i) directly or indirectly holds more than 50% of the voting rights at Shareholders’ General Meetings, or has the power to control their financial and operating policies (control definition adopted by the Group); (ii) is exposed to or has variable rates of return on its involvement in the operations of the subsidiary; or (iii) has the ability to use its voting rights to affect its return, were included in the consolidated financial statements by the full consolidation method. Equity and net profit or loss of these companies corresponding to third party participation in them, if applicable, are reflected separately in the consolidated statements of financial position and consolidated statements of profit and loss in the caption “Non-controlling interest”. The companies included in the consolidation are listed in Note 4.

Assets, liabilities and contingent liabilities of controlled companies acquired as from 1 January 2004 are recorded at fair value as of the acquisition date. Any excess of cost over the fair value of the net assets acquired is recognized as goodwill (Note 2.3.). If the difference between cost and the fair value of the net assets acquired is negative, it is recognized in results for the year. Non-controlling interests are recognized in proportion to the fair value of the identified assets and liabilities.

The results of subsidiaries acquired or sold during the period are included in the consolidated statement of profit and loss as from the date of their acquisition, or up to the date of loss of control.

Whenever necessary, adjustments are made to the financial statements of subsidiaries for them to conform to the Group’s accounting policies. Transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process.

b) Associated companies

Investments in associated companies (those in which the Group has significant influence but does not have direct or joint control – generally investments representing participations of between 20% and 50% or in which it has the right to appoint members of the respective management boards) are recorded in accordance with the equity method of accounting.

In accordance with the equity method, investments are adjusted periodically by the amount corresponding to the participation in the net profit or loss of associated companies, by corresponding entry to financial gain or loss on investments, and by other changes in the assets and liabilities acquired. In addition, participations can be adjusted to recognize impairment losses.

Losses in associated companies exceeding the investment in them are not recognized, except where the Group has assumed commitments to such companies or to its creditors.

Periodic valuations are made of investments in associated companies to determine if there are impairment losses. Such impairment losses are recognized as cost in the period in which they occur.

Investments in associated companies are listed in Note 5.

c) Investments in other companies

Equity investments in which the Group does not have significant influence and for which there are no market references, are stated at the lower of cost or estimated realizable value and recognized in the caption "Available-for-sale financial assets".

2.3 Goodwill

Goodwill represents the excess of cost over the Group's interest in the fair value of the identifiable assets and liabilities of controlled companies as of the date of acquisition, in accordance with IFRS 3 – Business Combinations. The Group applied the provisions of IFRS 3 only for acquisitions after 1 January 2004. Goodwill on acquisitions prior to 1 January 2004 has been maintained rather than being recalculated in accordance with IFRS 3 and is subject to annual impairment tests as from that date.

In compliance with IFRS 3, goodwill is not amortised, but is subject to annual impairment tests. Impairment losses are recorded in the statement of profit and loss for the year. Such impairment losses cannot be reversed.

For purposes of determining impairment losses, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies resulting from the acquisition of the investments or from the combination of business activities. Impairment tests of each operating segment are carried out annually or whenever the need is identified. If the recoverable amount of the operating segment is less than its book value, the impairment loss is allocated first to goodwill and then to the book value of the assets of the segment in proportion to their value.

Goodwill is included in determining the gain or loss on the sale of investments in controlled and associated companies.

2.4 Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and, where applicable, impairment losses. Intangible assets are only recognized when it is probable that they will generate future financial benefits, they are controllable and their value can be reasonably determined.

Intangible assets of defined useful life are amortized on a straight line basis as from the date they are available for use, in accordance with the estimated period of useful life in which the intangible assets generate future economic benefits, which are as follows:

	<u>Years</u>
Radio broadcasting permits	3 - 18
Computer programs	3 - 4
Others	3 - 5

Intangible assets acquired as a result of business combinations are recognized separately from goodwill and initially measured at fair value as of the date of their acquisition (which is considered its cost of acquisition). Intangible assets acquired or transactions that do not consist of business concentrations as they do not consist of a business are recorded at cost in accordance with IFRS 3.

2.5 Tangible fixed assets

Tangible fixed assets are recorded at cost less accumulated depreciation and, where applicable, impairment losses.

Cost includes the purchase price, plus any related purchase costs. Additionally, where applicable, purchase price includes the financing costs directly attributable to the acquisition, construction or production of assets that require a substantial period of time to be available for use.

Estimated losses resulting from the replacement of equipment before the end of their useful life, due to technological obsolescence, are expensed in the period they occur.

Maintenance and repair costs of a current nature are expensed as incurred. Significant costs incurred to renew or improve tangible fixed assets, are capitalised and depreciated over the estimated period to recover such costs, when it is probable that future financial benefits which can be reliably measured will be generated by the asset.

Tangible fixed assets in progress are recorded at cost and start being depreciated when the assets are ready for their intended use. Gains or losses arising on the sale of tangible fixed assets, which are determined by the difference between the sales proceeds and the book value of the assets, are recognized in the statement of profit and loss captions "Other operating revenue" or "Other operating expenses".

The cost of such assets, less their residual value where this can be estimated reliably, is depreciated on a straight-line basis over their estimated useful lives, defined based on their expected use, as from the month they are available for use.

The depreciation rates used correspond to the following average periods of useful life:

	<u>Years</u>
Buildings and other constructions	10 - 50
Machinery and equipment	6 - 15
Transport equipment	4
Other tangible fixed assets	3 - 10

2.6 Leases

(a) Finance leases

Fixed assets acquired under lease contracts are recognized as assets under finance lease where substantially all the risks and benefits of their ownership are transferred. Such assets are recorded at the lower of the present value of the future lease instalments or the market value of the asset as of the date of the contract, by corresponding

entry to the liability caption "Borrowings". Such assets are depreciated over their estimated periods of useful life, the principal of the lease instalments paid is recognized as a decrease in the liability and the interest is recognized in the statement of profit and loss for the period to which it corresponds.

(b) Operating leases

Where lease contracts are classified as operating leases, the lease instalments due are expensed on a straight-line basis over the period of the lease contract.

2.7 Television program broadcasting rights

Television program broadcasting rights correspond essentially to contracts or agreements with third parties for the exhibition of films, series and other television programs and include rights acquired and costs incurred with the production of programs. The cost of programs broadcast is recognized in the statement of profit or loss at the time the programs are exhibited, considering the estimated number of exhibitions and estimated benefits of each exhibition.

Such assets are subject to annual impairment tests and whenever changes or situations occur that indicate that their book value exceeds their recoverable amount, the corresponding impairment losses being recognized.

Transmission rights acquired from third parties are recorded as assets at cost, when the Group controls the rights to them and has assumed the risks and benefits relating to their content. These rights are split between current and non-current assets on the balance sheet, based on their contractual period and estimated date of exhibition.

Information regarding financial commitments assumed for the acquisition of these rights, not included in the Group's consolidated statement of financial position, is presented in Note 33.

2.8 Inventories

Inventories comprising mainly CD's are stated at the lower of cost determined on an average basis and net realisable value. Where cost exceeds net realisable value an impairment loss is recognized.

2.9 Classification in the statement of financial position

Assets realisable and liabilities payable, for which the Company does not have the unconditional right to defer payment for more than twelve months as from the date of the statement of financial position, that are expected to be realised in the normal course of operations, or are held with the intention of being traded, are classified as current assets and liabilities. All other assets and liabilities are classified as non-current.

2.10 Financial instruments

2.10.1 Trade and other receivables and other current assets

Trade and other receivables and other current assets are recognized at amortized cost, using the effective interest rate, less any impairment losses. Impairment losses are recognized when there is objective evidence that all the amounts due will not be collected in accordance with the terms originally established to settle the receivables. The amount of the loss corresponds to the difference between the amount recorded and the estimated amount recoverable. The loss is recognized in the statement of profit and loss for the period.

2.10.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand and term deposits and other treasury applications that are readily convertible to cash with an insignificant risk of change in value.

2.10.3 Trade and other payables and other current liabilities

Accounts payable are recognized at amortized cost, discounted for possible interest calculated and recognized in accordance with the effective interest rate method.

2.10.4 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. In subsequent periods borrowings are recognized at amortised cost, any difference between the amounts received (net of transaction costs) and the amounts payable being recognized in the statement of profit and loss over the period of the borrowings, using the effective interest rate method.

Borrowings are classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for more than twelve months as from the statement of financial position date.

2.10.5 Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at cost, which corresponds to the fair value of the price paid including transaction costs and are considered as non-current assets.

After initial recognition, available-for-sale financial assets are restated to fair value by reference to their market value as of the statement of financial position date. Where such assets correspond to equity instruments not listed on regulated markets and where it is not possible to reliably estimate their fair value, they are maintained at cost less any impairment losses.

2.11 Revenue recognition and accruals basis

Sales comprise mainly the sale of CD's and are recognized in the statement of profit and loss when the risks and rewards of ownership of the assets are transferred to the buyer and the amount of revenue can be reasonably quantified. Returns of goods sold are recorded as reductions in sales in the period to which they relate.

Services rendered include mainly the sale of advertising space and are recognized when the advertising is issued. Quantity discounts allowed and bonuses granted are recorded as reductions in revenue for the period to which they relate.

Production business services rendered correspond essentially to production services and support to the production of television series, publicity announcements and other contents, which are recognized when the services are rendered.

Revenue from multimedia services corresponds essentially revenue from interactive services and multimedia relating to competitions carried out on television and is recognized in the period to which it relates.

Revenue from ceding the Group's television channel signals to the various operators is recognized during the period to which it relates.

Revenue from ceding broadcasting rights to other markets is recognized when the respective contents are made available.

Costs and revenue are recognized in the period to which they relate, regardless of the date they are paid for or received. Estimates of costs and revenue are made when these are not known.

2.12 Provisions, contingent liabilities and contingent assets

Provisions are recognized when there is a present obligation resulting from past events, it is probable that the Group has to spend resources to settle the obligation and the amount of the obligation can be reliably estimated.

The amount is recognized at discounted value using the effective interest rate method, considering the estimated time of settling the liability, determined in accordance with the information available at the date of the financial statements.

The amount of provisions is reviewed and adjusted at each statement of financial position date to reflect the best estimate at the time. When any of the above mentioned conditions are not met, the provision is not recorded and a contingent liability is disclosed, unless an outflow of funds affecting future financial benefits is remote, in which case no disclosure is made.

Contingent assets are not recognized in the consolidated financial statements, being disclosed when it is probable that there will be a future financial inflow of resources.

2.13 Impairment of non-current assets, except goodwill

Impairment analyses are made at each statement of financial position date and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered.

Whenever the book value of an asset exceeds its recoverable amount an impairment loss is recognized in the statement of profit and loss.

The recoverable amount is the higher of the net selling price and the value in use. Net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, less the costs directly attributable to the sale. Value in use is the present value of the estimated future cash flows resulting from continued use of the asset and its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the cash generating unit to which the asset belongs.

Impairment losses recognized in prior periods are reversed when it is concluded that such losses no longer exist or have decreased. This review is made whenever there are indications that the impairment recognized earlier no longer exists. Impairment losses are reversed by corresponding entry to the statement of profit or loss.

2.14 Income tax

Income tax for the period consists of current tax and deferred tax.

The Group estimates income tax in accordance with the Special Regime for Taxation of Groups of Companies, which covers all the companies in which the dominating company has a direct or indirect participation of at least 75% and have the necessary conditions to be included in this regime. Such conditions include being resident in Portugal and being subject to the general corporation income tax regime, as well as the existence or not of tax losses carried forward

from periods prior to inclusion in the regime. In the years ended 31 December 2015 and 2014 VERTIX was the dominant entity for consolidated corporation income tax purposes.

Deferred taxes are calculated based on timing differences between the amount of assets and liabilities for accounting and for tax purposes and tax losses carried forward. Deferred tax assets and liabilities are calculated and assessed periodically at the tax rates in force or announced to be in force on the dates the timing differences are expected to reverse.

Deferred tax assets are only recognized when there is a high degree of expectation that there will be sufficient future taxable profits to use them or in situations in which there are taxable timing differences that offset deductible timing differences in the period they reverse. At each statement of financial position date a review is made of such deferred taxes, these being reduced whenever their future use is no longer probable.

Deferred taxes are recorded as cost or income for the year, except when they result from amounts recorded directly in equity, in which case the deferred taxes are also recognized in equity.

2.15 Foreign currency balances and transactions

Foreign currency transactions are translated to Euros at the exchange rates as of the dates of the transactions. At each statement of financial position date assets and liabilities are adjusted using the exchange rates in force as of those dates. The resulting exchange differences are recognized in the statement of profit and loss for the period to which they relate.

The foreign currency financial statements of subsidiaries are translated to Euros at the following rates of exchange, the resulting exchange differences being recognized in the equity account "Exchange differences", and are recognized in the statement of profit and loss when such companies are sold:

- (a) Rate of exchange as of the statement of financial position date, for the translation of monetary assets and liabilities;
- (b) Rate of exchange as of the date of the transaction for the translation of non-monetary assets and liabilities;
- (c) Average exchange rate for the year for the translation of the profit and loss statement captions;
- (d) Average exchange rate for the year for the translation of the cash flow statement captions.

Exchange gains and losses arising from differences between the exchange rates prevailing on the dates of the transactions and those in force on the dates of collection, payment or on the date of the statement of financial position are recorded in the consolidated statement of profit and loss for the period.

2.16 Subsequent events

Events occurring after the statement of financial position date that provide additional information on conditions that existed as of that date, are reflected in the consolidated financial statements. Events occurring after the statement of financial position date that provide additional information on the conditions that existed after that date, if material, are disclosed in the notes to the consolidated financial statements.

2.17 Financial costs

The net cost of financing attributable to the acquisition, construction or production of assets that qualify that require a substantial period of time to become available for use are recorded as part of their cost up to that date. The remaining financial costs are recognized in the statement of profit and loss when they occur.

3. CHANGES IN ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

Except for the effect of the adoption of the new standards and interpretations or of the changes that came into effect in years starting on 1 January 2015, there were no changes in accounting policies in relation to those used to prepare the financial information for 2015, in accordance with the requirements of IFRS, and no significant prior year errors were recognized.

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the first time in the year ended 31 December 2015:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
IFRIC 21 – Payments to the State	17-Jun-14	This amendment establishes the conditions as to timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange.
Amendment to IFRS 3 – Concentration of business activities (included in improvements to international financial statement standards – 2011-2013 cycle)	1-Jan-15	Clarifies that IFRS 3 excludes from its scope of application the realization of a joint agreement on the financial statements of the joint agreement itself.
Amendment to IFRS 13 – Measurement at fair value (included in improvements to international financial statement standards – 2011-2013 cycle)	1-Jan-15	Clarifies that the exception of the application of the standard to financial assets and liabilities with offsetting positions extends to all contracts under IAS 39, independently of their compliance with the definition of financial asset or liability of IAS 32.
Amendment to IAS 40 – Investment properties (included in improvements to international financial statement standards – 2011-2013 cycle)	1-Jan-15	Clarifies that it is necessary to apply value judgement to determine if the acquisition of an investment property is the acquisition of an asset or the concentration of business activities covered by IFRS 3.

The effect of adopting the above standards, interpretations and amendments on the Group's consolidated financial statements for the year ended 31 December 2015 was not significant.

In preparing the consolidated financial statements the Board of Directors based itself on its knowledge and experience of past and/or current events and on assumptions relating to future events for determining accounting estimates.

The more significant accounting estimates reflected in the consolidated financial statements as of 31 December 2015 include:

- Useful life of tangible fixed assets and intangible assets;
- Impairment tests of goodwill and other non-current assets;
- Recording of provisions;
- Estimated volume discounts to be granted;
- Impairment analyses of broadcasting rights.

These estimates were made based in the best information available at the time the consolidated financial statements were prepared. However, events can occur in subsequent periods which, due to their unpredictability, were not considered in the estimates. Significant changes to these estimates, occurring after the date the financial statements were prepared are reflected in the statement of profit or loss on a prospective basis, as required by IAS 8.

In addition, the following standards, amendments and revisions with mandatory application in future years were endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
Amendment to IAS 19 – Employee benefits – Employee contribution	1-Feb-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	1-Feb-15	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payments: definition of the vesting condition; IFRS 3 – Concentration of business activities: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Disclosure of related parties: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value: clarification relating to the measurement of short term receivables or payables.

Improvements to international financial statement standards (2012-2014 cycle) 1-Jan-16

These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operating units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.

Amendment to IFRS 11 – Joint Agreements – Recording of acquisitions of interests in joint agreements 1-Jan-16

This amendment relates to the acquisition of interests in joint operations. It establishes the requirement to apply IFRS 3 when the joint operation acquired consists of a business activity in accordance with IFRS 3. When the joint operation in question does not consist of a business activity, the transaction must be recorded as the acquisition of assets. This amendment is of prospective application to new acquisitions of interests.

Amendment to IAS 1 – Presentation of Financial Statements - “Disclosure initiative” 1-Jan-16

This amendment clarifies some aspects relating to disclosure initiatives, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different natures; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial statement; (iv) the part of other recognized income resulting from the application of the equity method in associates and joint agreements must be presented separately from the remaining elements of other recognized income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be

reclassified; (v) the structure of the notes must be flexible, and should follow the following order:

- a declaration of compliance with the IFRS's in the first section of the notes;
- a description of the significant accounting policies in the second section;
- supporting information for the items on the financial statements in the third section; and
- other information in the fourth section.

Amendment to IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods 1-Jan-16

This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the financial benefits is significantly related to the income generated.

Amendment to IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Production plants 1-Jan-16

This amendment excludes plants that produce fruits or other components used for harvesting and/or removal under the application of IAS 41, becoming covered by IAS 16.

Amendment to IAS 27 – Application of the equity method on separate financial statements 1-Jan-16

This amendment introduces the possibility of measuring interests in subsidiaries, joint agreements and associates in separate financial statements in accordance with the equity method, in addition to the measurements methods presently existing. This change applies retrospectively.

In addition, the following standards, amendments and revisions applicable to future years have not been endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation

Standard / Interpretation	Description
IFRS 9 – Financial Instruments (2009) and subsequent amendments	This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules. This standard is of mandatory application for years beginning on or after 1 January 2018;

IFRS 14 – Regulated assets This standard establishes the financial statement requirements of entities that adopt for the first time IFRS standards applicable to regulated assets;

IFRS 15 – Revenue from Client Contracts This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Fidelity programs; IFRIC 15 – Agreements to construct real estate; IFRIC 18 – Transfer of assets from clients and SIC 31 – Revenue – Direct exchange contracts involving services and publicity. This standard is of mandatory application for years beginning on or after 1 January 2018;

IFRS 16 – Leases This standard introduced the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.

Amendments to IFRS 10 – These amendments clarify several aspects relating to the Consolidated Financial Statements, application of the consolidation exception by investment entities.
IFRS 12 – Disclosures Relating to Participations in Other Entities and
IAS 28 – Investments in Associates and Jointly Controlled Entities

Amendments to IFRS 10 – These amendments eliminate the conflict existing between these Consolidated Financial Statements standards, relating to the sale or the contribution of assets between and IAS 28 – Investments in the investor and the associate or between the investor and the Associates and Jointly Controlled jointly controlled entity.
Entities

These standards have not yet been endorsed by the European Union and so have not been applied by the Group in the year ended 31 December 2015.

At 31 December 2015 the Company was in the process of evaluating the impact resulting from the above standards, namely of IFRS 15 and IFRS 16.

4. COMPANIES INCLUDED IN THE CONSOLIDATION

The companies included in the consolidation by the full consolidation method, their head offices and the proportion of capital effectively held in them at 31 December 2015 and 2014 are as follows:

Company	Head office	Consolidation method	Effective participation percentage held	
			2015	2014
Grupo Media Capital, SGPS, S.A.	Barcarena	Global	Parent	Parent
MEGLO - Media Global, SGPS, S.A. ("MEGLO")	Barcarena	Global	100	100
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS")	Barcarena	Global	100	100
Publipartner - Projectos de Media e Publicidade, Unipessoal, Lda. ("Publipartner")	Barcarena	Global	100	100
CLMC - Multimedia, S.A. ("CLMC")	Barcarena	Global	100	100
MCR II - Media Capital Rádios, S.A. ("MCR II")	Barcarena	Global	100	100
R. CIDADE - Produções Audiovisuais, S.A. ("CIDADE")	Lisbon	Global	100	100
Flor do Éter Radiodifusão, Lda. ("Flor do Éter")	Lisbon	Global	100	100
Drums Comunicações Sonoras, S.A. ("Drums")	Lisbon	Global	100	100
RVA - Rádio Voz de Alcanena, Lda. ("Rádio Voz de Alcanena")	Lisbon	Global	100	100
R2000 Comunicação Social, Lda. ("R2000")	Lisbon	Global	100	100
RÁDIO REGIONAL DE LISBOA - Emissões de Radiodifusão, S.A. ("REGIONAL")	Lisbon	Global	100	100
Rádio Litoral Centro - Empresa de Radiodifusão, Lda. ("Rádio Litoral Centro")	Lisbon	Global	100	100
Leirimédia Produções e Publicidade, Lda. ("Leirimédia")	Lisbon	Global	100	100
Rádio Sabugal - Radiodifusão e Publicidade, Lda. ("Rádio Sabugal")	Lisbon	Global	100	100
Penalva do Castelo FM - Radiodifusão e Publicidade, Lda. ("Penalva do Castelo")	Lisbon	Global	100	100
Rádio Manteigas - Radiodifusão e Publicidade, Lda. ("Rádio Manteigas")	Lisbon	Global	100	100
P.R.C. - Produções Radiofónicas de Coimbra, Lda. ("P.R.C.")	Lisbon	Global	100	100
Polimedia - Publicidade e Publicações, Lda. ("Polimedia")	Lisbon	Global	100	100
Moliceiro - Comunicação Social, Lda. ("Moliceiro")	Lisbon	Global	100	100
Notímaia-Publicações e Comunicações, S.A. ("Notímaia") (b)	Porto	Global	100	-
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	Lisbon	Global	100	100
Rádio XXI, Lda. ("XXI")	Lisbon	Global	100	100
Rádio Nacional - Emissões de Radiodifusão, S.A. ("Rádio Nacional")	Lisbon	Global	100	100
Rádio do Concelho de Cantanhede, Lda. ("Rádio Concelho de Cantanhede") (a)	Lisbon	Global	100	75
Sirpa - Sociedade de Imprensa Rádio Paralelo, Lda. ("Sirpa")	Lisbon	Global	100	100
CÓCO-Companhia de Comunicação, S.A. ("CÓCO") (b)	Lisbon	Global	100	-
MCMC - Media Capital Música e Entretenimento, S.A. ("MCMC")	Barcarena	Global	100	100
FAROL MÚSICA - Sociedade de Produção e Edição Audiovisual, Lda. ("FAROL")	Barcarena	Global	100	100
MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT")	Barcarena	Global	100	100
TVI - Televisão Independente, S.A. ("TVI")	Barcarena	Global	100	100
MEDIA CAPITAL DIGITAL, S.A. ("DIGITAL")	Barcarena	Global	100	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	Barcarena	Global	100	100
MCP - MÍDIA CAPITAL PRODUÇÕES, S.A. ("MCP")	Barcarena	Global	100	100
MEDIA CAPITAL PRODUÇÕES INVESTIMENTOS - SGPS, S.A. ("MCP INVESTIMENTOS")	Barcarena	Global	100	100
PLURAL Entertainment Portugal, S.A. ("PLURAL")	Barcarena	Global	100	100
NBP - Ibérica - Producciones Audiovisuales, S.A.	Madrid (Spain)	Global	100	100
CASA DA CRIAÇÃO - Argumentos para Audiovisual, Lda. ("CASA DA CRIAÇÃO")	Lisbon	Global	100	100
EMAV - Empresa de Meios Audiovisuais, Lda. ("EMAV")	Vialonga	Global	100	100
EPC - Empresa Portuguesa de Cenários, Unipessoal, Lda. ("EPC")	Vialonga	Global	100	100
PLURAL Entertainment España, S.L. ("PLURAL España")	Madrid (Spain)	Global	100	100
PLURAL Entertainment Canarias, S.L. ("PLURAL Canarias")	San Andrés (Spain)	Global	100	100
PLURAL Entertainment Inc. ("PLURAL Entertainment")	Miami (USA)	Global	100	100
TESELA Producciones Audiovisuales, S.L. ("TESELA")	Madrid (Spain)	Global	100	100

(a) In 2015 the Group acquired 25% of Rádio Concelho de Cantanhede for 7,482 Euros (Note 6).

(b) The Group acquired this company in 2015, having assumed control on 1 December 2015.

5. ASSOCIATED COMPANIES

The associated companies, their head offices and proportion of capital effectively held in them at 31 December 2015 and 2014 were as follows:

Company	Head office	Effective participation percentage held	
		2015	2014
Plural Entertainment Brasil - Produção de Vídeo, Ltda. ("Plural Brasil")	São Paulo	49	49
Sociedad Canária de Televisión Regional, S.A. ("SOCATER")	Tenerife (Spain)	40	40
Productora Canária de Programas, S.A. ("PCP")	San Andrés (Spain)	40	40
Plural - Jempsa, S.L. ("Jempsa") (a)	Madrid (Spain)	-	19
Factoría Plural, S.L. ("Factoría") (b)	Zaragoza (Spain)	15	15
Chip Audiovisual, S.A. ("CHIP") (b)	Zaragoza (Spain)	7.5	7.5
Isla Audiovisual, S.L. (b)	Zaragoza (Spain)	7.2	7.2

i. On 8 January 2015 the Group sold the participation previously held in this company for 52,205 Euros, having obtained a capital gain of 2,969 Euros resulting from the sales price agreed, the sales price having been received in full in 2015. The sale resulted in a decrease of 49,236 Euros (Note 18) in the caption "Investments in associates".

ii. The Group has significant influence on these companies as it has the right to appoint an administrator to its Management Board, enabling it to have influence on financial and operating policies of these companies.

The associated companies were included in the consolidation in accordance with the equity method as explained in Note 2.2.b).

6. CHANGES IN THE CONSOLIDATION PERIMETER

The changes in the Group's consolidation perimeter in 2015 were as follows:

Company	Main activity	Date of acquisition of control	Percentage acquired	Cost of acquisition
CÔCO	Radio broadcasting operations	01/12/2015	100%	5,731,606
Notimaia	Radio broadcasting operations	01/12/2015	100%	3,219,500
				<u>8,951,106</u>

Acquisition of the capital of the above entities is part of the Group's strategy for the development of the radio broadcasting business, having resulted from the intention of acquiring the related assets.

These companies have permits that enable the Group to operate in the radio broadcasting business, an intangible asset having been recognized in the "Radio permit" caption, which is to be amortized over the estimated period of utilization of the permits (Note 16).

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The assets and liabilities acquired, as well as their cost are as follows:

	CÔCO	Notimaia	Total
NON-CURRENT ASSETS:			
Intangible assets (Note 16)	7,841,266	2,738,819	10,580,085
Tangible fixed assets (Note 17)	2,281	1,563	3,844
	<u>7,843,547</u>	<u>2,740,382</u>	<u>10,583,929</u>
CURRENT ASSETS:			
Trade and other receivables	125,075	96,863	221,938
Other current assets	13,035	449,662	462,697
Cash and cash equivalents	32,450	2,410	34,860
	<u>170,560</u>	<u>548,935</u>	<u>719,495</u>
CURRENT LIABILITIES:			
Trade and other payables	(205,034)	(53,545)	(258,579)
Other current liabilities	(2,077,467)	(16,272)	(2,093,739)
	<u>(2,282,501)</u>	<u>(69,817)</u>	<u>(2,352,318)</u>
COST OF ACQUISITION	<u>5,731,606</u>	<u>3,219,500</u>	<u>8,951,106</u>

The changes in the Group's consolidation perimeter in 2014 were as follows:

Company	Main activity	Date of acquisition of control	Percentage acquired	Cost of acquisition
Moliceiro	Radio broadcasting operations	01/01/2014	100%	300,000
Sirpa	Radio broadcasting operations	01/01/2014	100%	2,000
				<u>302,000</u>

Acquisition of the capital of the above entities is part of the Group's strategy relating to the development of the radio broadcasting business, having resulted from the intention of acquiring the related assets.

These companies have permits that enable the Group to operate in the radio broadcasting business, an intangible asset having been recognized in the "Radio permit" caption, which is to be amortized over the estimated period of utilization of the permits (Note 16).

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The assets and liabilities acquired, as well as the cost of their acquisition was as follows:

	<u>Moliceiro</u>	<u>Sirpa</u>	<u>Total</u>
<u>NON-CURRENT ASSETS:</u>			
Intangible assets (Note 16)	304,484	594,951	899,435
Tangible fixed assets (Note 17)	608	-	608
	<u>305,092</u>	<u>594,951</u>	<u>900,043</u>
<u>CURRENT ASSETS:</u>			
Trade and other receivables	10,920	4,182	15,102
Other current assets	4,572	2,216	6,788
Cash and cash equivalents	4,545	3,161	7,706
	<u>20,037</u>	<u>9,559</u>	<u>29,596</u>
<u>CURRENT LIABILITIES:</u>			
Trade and other payables	(17,435)	(8,055)	(25,490)
Other current liabilities	(7,694)	(594,455)	(602,149)
	<u>(25,129)</u>	<u>(602,510)</u>	<u>(627,639)</u>
COST OF ACQUISITION	<u><u>300,000</u></u>	<u><u>2,000</u></u>	<u><u>302,000</u></u>

Intangible assets

	<u>Moliceiro</u>	<u>Sirpa</u>	<u>Total</u>
Assets and liabilities acquired	300,000	(592,951)	(292,951)
Intangible assets (Note 16)	-	594,951	594,951
Fair value payable for the acquisition	<u>300,000</u>	<u>2,000</u>	<u>302,000</u>

In 2015 and 2014 the Group recorded dividends of 41,778 Euros and 70,108 Euros (Note 18), respectively, from the investment in Factoria. Dividends for 2015 and 2014 were received in 2015.

Payments in 2015 and 2014 relating to the acquisition of assets relating were as follows:

	<u>2015</u>	<u>2014</u>
CÔCO	5,731,606	-
Notimaia	3,219,500	-
Rádio Concelho de Cantanhede (Nota 4)	7,482	-
Moliceiro	-	300,000
Sirpa	-	2,000
	<u>8,958,588</u>	<u>302,000</u>
Assets acquired - cash	<u>(34,860)</u>	<u>(7,706)</u>
	<u><u>8,923,728</u></u>	<u><u>294,294</u></u>

7. SEGMENT REPORTING

The Group identifies its reporting segments based essentially on the combination of the differences in the nature of the production processes, type of client and management of the resources available and is consistent with the manner in which the Board of Directors manages and controls the business.

Therefore, the Group has the following reporting segments:

a) Television

The television segment involves fundamentally broadcasting by one generalist TV channel (TVI) and the broadcasting of by cable of theme channels.

b) Production

The Production segment involves production, realization and audiovisual distribution and the production of programs/series and television programs realized and/or issued in Portugal and Spain.

c) Radio

The radio segment involves the broadcasting of radio programs, through own antennas and publicity space utilisation contracts with third parties.

d) Others

The segment others includes essentially the internet business ("DIGITAL"), the production and sale of music CD's, the agency of artists and promotion of events ("ENTERTAINMENT"), as well as the parent company activity and the Group's shared services, which includes the assets and liabilities not allocated to the segments as they are not monitored by Management for purposes of measuring performance.

Contribution of the main business segments to the consolidated results for the years ended 31 December 2015 and 2014 was as follows:

	2015				Total	Eliminations	Consolidated
	Television	Production	Radio	Others			
Operating revenue:							
External Services rendered	97,387,251	7,242,915	16,572,019	4,752,577	125,954,762	-	125,954,762
Internal services rendered	168,312	32,488,359	111,196	11,115,136	43,883,003	(43,883,003)	-
External Sale of goods and products	-	-	-	146,884	146,884	-	146,884
Other external operating revenue	44,035,021	1,881,602	2,026,621	341,346	48,284,590	-	48,284,590
Other internal operating revenue	70,593	8,058	115,050	231,229	424,930	(424,930)	-
Total operating revenue	141,661,177	41,620,934	18,824,886	16,587,172	218,694,169	(44,307,933)	174,386,236
Operating costs:							
Cost of programs issued and goods sold	(48,289,890)	(103,392)	-	(29,565)	(48,422,847)	30,903,072	(17,519,775)
Supplies and services	(39,902,190)	(28,660,232)	(6,565,434)	(9,026,477)	(84,154,333)	14,061,727	(70,092,606)
Personnel costs	(20,774,345)	(10,370,976)	(5,095,336)	(7,207,280)	(43,447,937)	-	(43,447,937)
Amortization and depreciation	(2,743,728)	(3,165,939)	(2,898,332)	(368,448)	(9,176,447)	-	(9,176,447)
Provision for impairment losses	18,415	(751,796)	(7,052)	(342,447)	(1,082,880)	-	(1,082,880)
Other operating costs	(1,126,758)	(638,037)	(169,412)	(175,060)	(2,109,267)	-	(2,109,267)
Total operating costs	(112,818,496)	(43,690,372)	(14,735,566)	(17,149,277)	(188,393,711)	44,964,799	(143,428,912)
Operating results	28,842,681	(2,069,438)	4,089,320	(562,105)	30,300,458	656,866	30,957,324
Net finance costs							(5,906,102)
Profit before income tax							25,051,222
Income tax							(7,751,207)
Consolidated net profit from continuing operations							17,300,015

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	2014						
	Television	Production	Radio	Others	Total	Eliminations	Consolidated
Operating revenue:							
External Services rendered	96,084,097	10,034,624	15,284,937	5,392,529	126,796,187	-	126,796,187
Internal services rendered	102,820	29,312,013	446,950	10,863,154	40,724,937	(40,724,937)	-
Sale of goods and products	-	-	-	601,699	601,699	-	601,699
Internal sale of goods and products	-	-	-	-	-	-	-
Other external operating revenue	50,905,461	672,611	222,833	573,832	52,374,737	-	52,374,737
Other internal operating revenue	181,125	153,675	105,300	214,397	654,497	(654,497)	-
Total operating revenue	147,273,503	40,172,923	16,060,020	17,645,611	221,152,057	(41,379,434)	179,772,623
Operating costs:							
Cost of programs issued and goods sold	(50,804,918)	(266,970)	-	(52,826)	(51,124,714)	27,444,497	(23,680,217)
Supplies and services	(40,025,214)	(24,951,932)	(6,527,450)	(8,930,740)	(80,435,336)	14,356,386	(66,078,950)
Personnel costs	(20,244,235)	(13,029,951)	(4,880,730)	(7,741,317)	(45,896,233)	-	(45,896,233)
Amortization and depreciation	(3,489,067)	(3,152,478)	(1,484,982)	(350,622)	(8,477,149)	-	(8,477,149)
Provision for impairment losses	(242,480)	(584,100)	(5,404)	(569,863)	(1,401,847)	-	(1,401,847)
Other operating costs	(1,093,850)	(364,608)	(131,669)	(213,237)	(1,803,364)	-	(1,803,364)
Total operating costs	(115,899,764)	(42,350,039)	(13,030,235)	(17,858,605)	(189,138,643)	41,800,883	(147,337,760)
Operating results	31,373,739	(2,177,116)	3,029,785	(212,994)	32,013,414	421,449	32,434,863
Net finance costs	-	-	-	-	-	-	(7,572,271)
Profit before income tax	-	-	-	-	-	-	24,862,592
Income tax	-	-	-	-	-	-	(8,387,787)
Consolidated net profit from continuing operations	-	-	-	-	-	-	16,474,805

Additional significant segment reporting information is as follows:

	2015						
	Television	Production	Radio	Others	Total	Eliminations	Consolidated
Net assets	214,287,765	92,386,153	31,413,636	127,651,997	465,739,551	(137,738,962)	328,000,589
Liabilities	73,778,659	78,092,243	38,563,657	19,967,684	210,402,243	(18,435,738)	191,966,505
Other information:							
Investment in the year in tangible fixed assets (Note 17)	2,618,818	1,614,872	524,949	183,298	4,941,937	-	4,941,937
Investment in the year in intangible assets (Note 16)	405,548	76,220	2,140,585	235,195	2,857,548	-	2,857,548
Investment in associates (Note 18)	-	1,596,457	-	-	1,596,457	-	1,596,457
Indemnities - included in "personnel costs" (Note 11)	286,555	264,844	5,400	222,087	778,886	-	778,886
Increase in provisions (Note 28)	-	735,774	-	60,500	796,274	-	796,274
Reversal of provisions (Note 28)	(100,767)	(494,893)	-	(18,499)	(614,159)	-	(614,159)
Impairment losses (Note 28)	82,352	898,015	63,541	435,260	1,479,168	-	1,479,168
Reversal of impairment losses (Note 28)	-	(154,451)	(56,489)	(134,814)	(345,754)	-	(345,754)
2014							
	Television	Production	Radio	Others	Total	Eliminations	Consolidated
Net assets	213,712,777	94,553,586	32,832,687	124,464,697	465,563,747	(133,521,681)	332,042,066
Liabilities	72,805,195	75,728,188	41,860,604	23,125,402	213,519,389	(16,365,127)	197,154,262
Other information:							
Investment in the year in tangible fixed assets (Note 17)	2,738,908	581,868	930,136	761,733	5,012,645	-	5,012,645
Investment in the year in intangible assets (Note 16)	119,266	41,915	164,968	10,065	336,214	-	336,214
Investment in associates (Note 18)	-	1,684,796	-	-	1,684,796	-	1,684,796
Indemnities - included in "personnel costs" (Note 11)	181,938	1,342,265	24,320	160,310	1,708,833	-	1,708,833
Increase in provisions (Note 28)	-	477,131	2,500	259,895	739,526	-	739,526
Reversal of provisions (Note 28)	(212,603)	(30,000)	-	(14,964)	(257,567)	-	(257,567)
Impairment losses (Note 28)	483,930	207,416	44,922	631,886	1,368,154	-	1,368,154
Reversal of impairment losses (Note 28)	(28,847)	(59,590)	(42,018)	(47,059)	(177,514)	-	(177,514)

- (a) "Others" includes assets and liabilities not allocated to the operating segments as they are not monitored by Management for measuring their performance. The assets and liabilities correspond essentially to intergroup loans granted by the parent company to its subsidiaries, which were fully eliminated in the Group's consolidation process.

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Information by geographic market for the years ended 31 December 2015 and 2014 is as follows:

	2015		
	Portugal	Other countries	Consolidated
Operating revenue	170,972,161	3,414,075	174,386,236
Operating costs	(138,289,845)	(5,139,067)	(143,428,912)
Net profit from continuing operations	18,762,947	(1,462,932)	17,300,015
Non-current assets	238,235,702	7,138,808	245,374,510
Current assets	77,321,999	5,304,080	82,626,079
Liabilities	189,797,433	2,169,072	191,966,505
Investment in the year in tangible fixed assets (Note 17)	4,941,937	-	4,941,937
Investment in the year in intangible assets (Note 16)	2,857,548	-	2,857,548

	2014		
	Portugal	Other countries	Consolidated
Operating revenue	175,896,589	3,876,034	179,772,623
Operating costs	(142,124,069)	(5,213,691)	(147,337,760)
Net profit from continuing operations	17,867,463	(1,392,658)	16,474,805
Non-current assets	234,518,925	6,536,486	241,055,411
Current assets	79,403,722	11,582,933	90,986,655
Liabilities	194,814,699	2,339,563	197,154,262
Investment in the year in tangible fixed assets (Note 17)	5,012,645	-	5,012,645
Investment in the year in intangible assets (Note 16)	336,214	-	336,214

In assessing the degree of dependence on a single customer, the Group takes into consideration the financial relationship between the various entities, considering the commercialized publicity business model in the Group's various sectors. Therefore, considering that the contracting and negotiation of the commercial conditions are made with the Group's various advertisers, this negotiation being agreed with the various participants of the value chain, namely the advertising entity itself, the publicity agencies responsible for the realization of campaigns and the advertising means centres that make their payments in advance and that in this business there are some customers that negotiate the conditions for the issuance of publicity directly with the means centres. Therefore the Group believes that it is not dependent on a single advertiser that is responsible for more than 10% of its revenue.

8. OPERATING REVENUE BY NATURE

Consolidated operating revenue for the years ended 31 December 2015 and 2014 is made up as follows:

	<u>2015</u>	<u>2014</u>
<u>Services rendered:</u>		
Television advertising	97,387,251	96,084,097
Radio advertising	16,044,679	14,633,301
Advertising by other means	3,142,433	3,408,287
Audiovisual production and complementary services	7,282,515	10,070,848
Others	<u>2,097,884</u>	<u>2,599,654</u>
	<u><u>125,954,762</u></u>	<u><u>126,796,187</u></u>
 <u>Sales:</u>		
CD's	<u>146,884</u>	<u>601,699</u>
 <u>Other operating revenue:</u>		
Multimedia services (a)	20,613,815	33,284,455
Transmission, and exhibition rights and the sale of images	21,067,668	15,750,086
Other supplementary revenue	<u>6,603,107</u>	<u>3,340,196</u>
	<u><u>48,284,590</u></u>	<u><u>52,374,737</u></u>

- (a) The caption "Multimedia services" corresponds essentially to income from interactive services and multimedia relating to competitions and programs included in the television programming grid broadcast by the Group.
- (b) The caption "Transmission and exhibition rights and the sale of images" includes essentially income relating to the ceding of generalist channel signals and theme channels.
The variation of this caption at 31 December 2015 corresponds essentially to the new contracts, as explained in the Introductory Note.
- (c) The caption "Other supplementary revenue" includes revenue relating to the sale of a property in the amount of approximately 1,600,000 Euros.

9. COST OF PROGRAMS BROADCAST AND GOODS SOLD

This caption for the years ended 31 December 2015 and 2014 is made up as follows:

	<u>2015</u>	<u>2014</u>
Programs exhibited	17,490,210	23,627,392
Goods sold	<u>29,565</u>	<u>52,825</u>
	<u><u>17,519,775</u></u>	<u><u>23,680,217</u></u>

The cost of production of own programs is recognized in the consolidated statement of profit and loss in accordance with its nature.

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10. SUPPLIES AND SERVICES

The caption supplies and services for the years ended 31 December 2015 and 2014 is made up as follows:

	<u>2015</u>	<u>2014</u>
Specialized services	26,816,302	23,577,255
Publicity and competition prizes	9,832,289	10,685,418
Fees	7,395,733	6,927,389
Communication	4,956,947	5,048,901
Royalties and rights	4,131,388	3,829,004
Rent	3,859,298	3,961,915
Materials	2,661,117	2,716,785
Energy and fluids	2,367,563	2,578,515
Travel and lodging	2,158,185	1,806,339
Maintenance and repairs	1,880,531	1,737,034
Sub-contracts	1,360,668	1,463,116
Sundry services	2,672,585	1,747,279
	<u>70,092,606</u>	<u>66,078,950</u>

11. PERSONNEL COSTS

The caption personnel costs for the years ended 31 December 2015 and 2014 is made up as follows:

	<u>2015</u>	<u>2014</u>
Wages and salaries	32,613,474	33,809,595
Charges on wages and salaries	7,371,971	7,493,550
Performance bonus	501,432	973,218
Severance payments (Note7)	778,886	1,708,833
Labour accident insurance and others	551,018	321,550
Others	1,631,156	1,589,487
	<u>43,447,937</u>	<u>45,896,233</u>

The average number of employees, per segment, of the companies included in the consolidation in the years ended 31 December 2015 and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Television	478	473
Production	334	390
Radio	125	121
Others	151	147
	<u>1,088</u>	<u>1,131</u>

12. FINANCIAL EXPENSE AND INCOME

The caption financial expense and income for the years ended 31 December 2015 and 2014 is made up as follows:

	<u>2015</u>	<u>2014</u>
<u>Financial expense:</u>		
Interest expense (a)	5,587,317	7,159,736
Adjustment of provisions (Note 28)	-	259,895
Other financial costs	494,890	784,071
	<u>6,082,207</u>	<u>8,203,702</u>
<u>Financial income:</u>		
Interest income	31,444	140,555
Other financial income (b)	374,635	358,481
	<u>406,079</u>	<u>499,036</u>
	<u>5,676,128</u>	<u>7,704,666</u>

(a) In 2015 and 2014 the Group did not incur financial costs on assets that qualify that could be capitalized, the costs being recognized in profit and loss when incurred. The decrease in interest expense is due essentially to the renegotiation of the Group's funding as explained in Note 27.

(b) This caption corresponds essentially to exchange variation on foreign currency balances.

13. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Grupo Media Capital companies, except for PLURAL España and its subsidiaries, are subject to corporation income tax at the rate of 21% in accordance with article 87 of the Corporation Income Tax Code which can be increased by a municipal surcharge of up to the maximum rate of 1.5% of taxable profit, resulting in a total maximum rate of 22.5%. In addition, accordance with article 87-A of the Corporation Income Tax Code, in 2015 taxable profit exceeding 1,500,000 Euros is subject to a State surcharge, at the following rates:

- 3% for taxable profit between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profit between 7,500,000 Euros and 35,000,000 Euros;
- 7% for taxable profit exceeding 35,000,000 Euros.

In addition, net financial costs for 2015 and following years are deductible for determining annual taxable income up to the limit each year progressively up to 2017 to the greater of the following limits:

- 1,000,000 Euros;
- 30% of the profit before amortization and depreciation, net financial costs and taxes.

In accordance with article 88 of the Corporation Income Tax Code the Group is subject to autonomous taxation of certain charges at the rates established in the article.

The Group estimated income tax for 2015 of the companies in which VERTIX participates directly or indirectly by at least 75%, considering the requirements of article 63 of the Corporation Income Tax Code, in accordance with the Special Regime for the Taxation of Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - "RETGS"),

headed up VERTIX. All the Group companies with head office in Portugal were covered by that regime, except for the companies acquired in 2014 and 2015, which are taxed individually.

Plural España and its subsidiaries are subject to income tax in accordance with Spanish legislation, at a normal rate of around 28%, being included in the Regime for the Taxation of Groups of Companies applicable to companies with head office in Spain under the parent Prisa.

There are tax losses carried forward that result in deferred tax assets as shown in the following tables, calculated in accordance with the tax rules currently applicable to Grupo Media Capital, which are based on the existence of adequate support for their recovery, namely business plans prepared with prudent assumptions in line with evolution of the business. However, the Group has not recognized the full amount of deferred tax assets, as they were generated before the effective date the companies entered into the RETGS.

In accordance with current legislation the tax losses of companies with head offices in Portugal generated after 1 January 2014 can be carried forward during a period of twelve years, limited to 70% of the Group's taxable profit calculated in accordance with the Special Regime for the Taxation of Groups of Companies (six years for losses prior to 2010, four years for losses incurred between 2010 and 2011 and five years, limited to 75% of taxable profit of the Group, for losses generated in 2012 and 2013). At 31 December 2015 tax losses carried forward amounted to approximately 63,338 Euros, as follows:

2017	49,853
2026	<u>13,485</u>
	<u><u>63,338</u></u>

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security) except when there are tax losses, tax benefits have been granted, tax inspections are in progress or there are claims or appeals, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the tax returns of the Group companies for the years from 2012 to 2015, inclusive, are still subject to review and correction. The Board of Directors believes that any corrections to the taxable income declared that might result from examinations carried out by the tax authorities will not have a significant effect on the consolidated financial statements.

In addition, in accordance with tax legislation in Spain tax returns of companies included in the tax consolidation of Prisa are also subject to revision and correction by the tax authorities for a period of four years, there possibly being some exceptions which are not applicable to the companies included in the Group's financial statements.

Following is a reconciliation of the tax rate for the years ended 31 December 2015 and 2014:

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	<u>2015</u>	<u>2014</u>
Profit before tax	25,051,222	24,862,592
Nominal income tax rate	21.00%	23.00%
Estimated tax charge	<u>5,260,757</u>	<u>5,718,396</u>
Permanent differences (i)	218,952	303,096
Adjustment to income tax due (ii)	1,026,461	980,403
Surcharge	1,742,379	1,651,499
Others	<u>(497,341)</u>	<u>(265,607)</u>
	<u>7,751,207</u>	<u>8,387,787</u>
Current tax (iii)	7,144,364	7,570,262
Deferred tax for the year	<u>606,843</u>	<u>817,525</u>
	<u>7,751,207</u>	<u>8,387,787</u>
Effective tax rate	<u>30.94%</u>	<u>33.74%</u>

(i) These amounts for the years ended 31 December 2015 and 2014 are made up as follows:

	<u>2015</u>	<u>2014</u>
Non tax deductible amortisation and depreciation	2,008,524	1,589,820
Goodwill Impairment (Notes 15 and 28)	390,000	-
Net gains in associated companies (Note 18)	229,974	(132,395)
Fines and other penalties	19,217	16,329
Tax benefits	(192,800)	(453,537)
Accounting and tax losses	(1,351,535)	(353,391)
Others, net	<u>(60,758)</u>	<u>650,980</u>
	1,042,622	1,317,806
	<u>21.00%</u>	<u>23.00%</u>
	<u>218,952</u>	<u>303,096</u>

(ii) This amount represents the autonomous taxation of certain expenses.

(iii) This amount at 31 December 2015 and 2014 is made up as follows:

	<u>2015</u>	<u>2014</u>
Estimated current tax on income for the year	7,896,958	7,308,705
Credit for tax on income of foreign subsidiaries (Note 32)	(394,068)	224,240
Others (a)	<u>(358,526)</u>	<u>37,317</u>
	<u>7,144,364</u>	<u>7,570,262</u>

- (a) This caption includes the net effect of the excess of estimated income tax for 2015 and 2014, of recoveries resulting from the outcome of tax processes, and the recognition of the estimated liability resulting from the additional corporation income tax assessments explained in Note 28.

Temporary differences – changes in deferred taxes:

	2015			Ending balances
	Beginning balances	Increase/ decrease	Utilization	
<u>Deferred tax assets:</u>				
Provision for impairment	122,574	(57,874)	-	64,700
Inter group company margins not recognized	2,827,660	(233,138)	-	2,594,522
Other credits	586,112	(380,310)	(33,441)	172,361
	<u>3,536,346</u>	<u>(671,322)</u>	<u>(33,441)</u>	<u>2,831,583</u>
<u>Deferred tax liabilities:</u>				
Brands acquired in business combinations	1,350,000	(56,250)	-	1,293,750
Revaluations	8,229	(8,229)	-	-
	<u>1,358,229</u>	<u>(64,479)</u>	<u>-</u>	<u>1,293,750</u>

	2014			Ending balances
	Beginning balances	Increase/ decrease	Utilization	
<u>Deferred tax assets:</u>				
Provision for impairment	100,939	21,635	-	122,574
Cost of derivatives recognized	116,511	(116,511)	-	-
Loss on available-for-sale assets	737,500	(737,500)	-	-
Inter group company margins not recognised	2,877,611	(49,951)	-	2,827,660
Other credits	446,383	(55,202)	194,931	586,112
	<u>4,278,944</u>	<u>(937,529)</u>	<u>194,931</u>	<u>3,536,346</u>
<u>Deferred tax liabilities:</u>				
Brands acquired in business concentrations	1,470,000	(120,000)	-	1,350,000
Revaluations	8,233	(4)	-	8,229
Tax credits carried forward	214	-	(214)	-
	<u>1,478,447</u>	<u>(120,004)</u>	<u>(214)</u>	<u>1,358,229</u>

The credit balances relating to current tax liabilities are made up as follows:

	2015	2014
Estimated current tax on income for the year	29,701	53,075
Withholdings by third parties	-	(11)
	<u>29,701</u>	<u>53,064</u>

The estimated current tax on income for the year at 31 December 2015 corresponds essentially to estimated income tax of the companies acquired in 2015 and 2014 which are not included in the RETGS.

As a result of the Group's tax consolidation becoming headed up by VERTIX, estimated current tax payable for the year ended 31 December 2015, calculated in accordance with the tax consolidation regime, less payments on account, in the net amount of 2,713,804 Euros was recorded as an account payable of 4,033,718 Euros and an account receivable of 1,319,914 Euros of that entity, respectively (Note 32).

Payments on account:

As the tax consolidation became headed up by VERTIX, it made payments on account to the State relating to corporation income tax on account of GMC and its subsidiaries, in the amount of 5,673,036 Euros.

The debit balances at 31 December 2015 and 2014 relating to current tax assets in the amounts of 128,866 Euros and 245,153 Euros, respectively, correspond essentially to corporation income tax recoverable and special payments on account.

Cash flow:

In 2015 the company received 176,234 Euros relating to the refund of the excess tax paid and in 2014 the Company made payments relating to income tax for the year in the amount of 888,836 Euros.

14. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2015 and 2014 were calculated considering the following amounts:

	<u>2015</u>	<u>2014</u>
<u>Earnings:</u>		
Profit for purposes of calculating earnings per share of continuing operations	17,300,015	16,474,805
<u>Number of shares</u>		
Average number of shares for purposes of calculating basic and diluted earnings per share (Note 25)	<u>84,513,180</u>	<u>84,513,180</u>
Basic and diluted earnings per share of continuing operations	<u>0.2047</u>	<u>0.1949</u>

There were no diluting effects in the years ended 31 December 2015 and 2014 and so the basic and diluted earnings per share are the same.

15. GOODWILL

The changes in goodwill in the years ended 31 December 2015 and 2014 were as follows:

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	<u>2015</u>	<u>2014</u>
<u>Cost:</u>		
Balance at the beginning of the year	169,740,254	169,740,254
Balance at the end of the year	<u>169,740,254</u>	<u>169,740,254</u>
<u>Accumulated impairment losses:</u>		
Balance at the beginning of the year	(16,172,653)	(16,172,653)
Impairment losses recognized in the period (Notes 13 and 28)	(390,000)	-
Balance at the end of the year	<u>(16,562,653)</u>	<u>(16,172,653)</u>
<u>Net book value:</u>		
Balance at the beginning of the year	<u>153,567,601</u>	<u>153,567,601</u>
Balance at the end of the year	<u>153,177,601</u>	<u>153,567,601</u>

For purposes of impairment tests, goodwill was distributed by the cash generating units considering the benefits generated by the synergies resulting from the business combinations which resulted in them, as follows:

	<u>2015</u>	<u>2014</u>
Television	125,761,826	125,761,826
Audiovisual production Portugal	3,021,058	3,411,058
Audiovisual production Spain	3,460,000	3,460,000
Entertainment	782,610	782,610
Radio	18,643,989	18,643,989
Digital	1,508,118	1,508,118
	<u>153,177,601</u>	<u>153,567,601</u>

For purposes of impairment analyses, investments made were assessed by the Board of Directors based on the business plan/financial projections of the various operating segments controlled by the Group.

In accordance with IFRS 8 an operating segment is a component of the Group that:

- Carries out business activities which generate income and incur costs;
- Has its results monitored on a regular basis by the Group's decision makers, when they decide the allocation of resources and monitor the performance of the segment; and
- Has financial information available on an individual basis.

This assessment was made based on business plans / financial projections of the various operating segments, prepared and approved by management, covering a five year period.

For this purpose market data obtained from external entities was used, which was compared to internal market intelligence and the Group's past experience, complemented by the estimated market effect of the business strategies adopted for each operating segment. Following are some of the main variables considered:

- Evolution of investment in publicity in the main markets in which the Group operates;
- Audience share;
- Market share;

- Operating costs;
- Synergies and rationalization of production costs.

The main information regarding the activities and assumptions considered for the operating segments identified, to which goodwill was allocated for impairment testing purposes, was as follows:

Television:

Television operations, with the broadcasting of television programs through a general channel, TVI, and under distribution contracts signed with operators broadcasting TVI 24, TVI Ficção, TVI Internacional, TVI África and TVI Reality.

The main assumptions relating to the operations considered in the projections were as follows:

- Moderate recovery of publicity income in 2016 and gradual increase, in 2020 reaching amounts still below those for 2011;
- Contained increase in other income relating to the diversification of the activities of the various channels, including signal rights;
- Maintenance of a cost containment policy, in accordance with that which is already in force;

Audiovisual production in Portugal:

Production of contents, various activities in support of the television channels, through Plural which is responsible for audiovisual creation, realization and production, as well as the exploitation of technical means and the preparation of scenarios.

The main operating assumptions considered in the projections were as follows:

- Strengthening the cost containment policy in accordance with that which is already in force;
- Greater concentration on internal production of national contents.
- Continued growth of the business of leasing technical means and production of events, increasing its presence in other markets.

Audiovisual production in Spain:

Operations in the Spanish and Latin American markets relating to the production of audiovisual contents, production support services, realization and exploitation of television contents, cinema and audiovisual works, as well as other related services for these markets.

The main operating assumptions considered in the projections were as follows:

- Increase in the production of entertainment and fiction programs and benefiting from opportunities to promote the leasing of the Group's technical means;
- Decrease in the fixed costs structure, so as to adjust it to the market fluctuations.

Entertainment:

Operations include the music business, production of videograms, phonograms, audiovisual and multimedia production, the purchase and sale of records and equivalent items, the production of events and agency of artists.

The main operating assumptions considered in the projections were as follows:

- Decrease in the physical sale of CD's due to the tendency to migrate to the digital area;
- Decrease in the structure of fixed costs to adapt them to the market;
- Focus on improving the profitability and volume indicators through the realization of events.

Radio:

Radio operations, with sound broadcasting of radio programs in Portugal by the following radio stations: "Rádio Comercial", "m80", "Cidade" and "Smooth FM".

The main operating assumptions considered in the projections were as follows:

- Increase in the contents of Rádio Comercial and the other radio stations so as to maintain the leadership position achieved in 2012 and maintained/strengthened in subsequent years;
- Stabilization of audiences;
- Continuation of the cost control strategy.

Digital:

Digital operations supported by the portal www.iol.pt, which has a vast network of own contents, an extensive online directory of classified and publicity information, responsible for the majority of the Group's sites, as well as the production of mobile contents. They also include the rendering of internet and multimedia services to companies outside the Group.

The main operating assumptions considered in the projections were as follows:

- Improvement of the publicity market;
- Regular launching of new projects such as apps and other mobile services;
- Maintenance of variable and fixed operating costs control.

The discounted cash flow method was used, cash flow projections having been prepared for five years and a perpetuity considered after that. The nominal growth rate used for the perpetuity was 2.5% (2.5% in 2014). The discount rate used for all the cash generating units, excluding Spain, was 9.6% (9.9% in 2014), as it was considered that they all operate directly or indirectly in the media market, the commercial activity, the clients and the publicity market being seen transversally by the Group. In the case of Plural España the discount rate used was 9.1% (9.4% in 2014). A different rate was used in this case in relation to the other cash generating units due to the lower country risk of Spain.

The annual compound growth rate of the operating segments under review for the period of the projections (using 2014 as the base) was 8.1% for EBITDA and -4.9% for investment (Capex). The Group believes that the estimates are reasonable, considering the abnormally penalizing market for the years up to close to the end of 2014 both as regards the initiatives in progress in terms of organic growth and implemented decrease in operating costs.

The impairment loss of goodwill in the amount of 390,000 Euros recognized in 2015 (Note 28) results essentially from the decrease in the Group's production activity in 2015, despite the rationalization of costs that the group continues to carry out.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the impairment tests would not result in a significant impairment of goodwill, considering a 0.5% variation in the nominal growth rate used in the perpetuity or the discount rate.

16. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortization and impairment losses in the years ended 31 December 2015 and 2014 were as follows:

	Audiovisual production rights	Brands (a)	Radio broadcasting permits (b)	Radio broadcasting rights	Computer programs	Other	Total
Gross:							
Balance at 31 December 2013	1,911,111	6,269,000	5,664,433	9,977,084	6,379,009	522,889	30,723,526
Business combinations (Note 6)	-	-	899,435	(820,000)	-	-	79,435
Acquisitions (Note 7)	-	-	-	-	256,779	-	256,779
Exchange translation	4,234	-	-	-	-	1,401	5,635
Sales and write-offs	-	-	-	-	-	(6,858)	(6,858)
Balance at 31 December 2014	1,915,345	6,269,000	6,563,868	9,157,084	6,635,788	517,432	31,058,517
Business combinations (Note 6)	-	-	10,580,085	(8,439,500)	-	-	2,140,585
Acquisitions (Note 7)	-	-	-	-	716,865	98	716,963
Exchange translation	(51,126)	-	-	-	-	-	(51,126)
Sales and write-offs	(63,715)	-	-	-	-	-	(63,715)
Transfers (c)	2,697,977	-	100,000	(167,584)	-	67,584	2,697,977
Balance at 31 December 2015	4,498,481	6,269,000	17,243,953	550,000	7,352,653	585,114	36,499,201
Accumulated amortization:							
Balance at 31 December 2013	1,121,239	210,718	3,140,006	4,833,906	4,932,422	513,508	14,751,799
Increases (Note 17)	733,252	53,800	378,653	630,945	679,974	7,006	2,483,630
Transfers	-	-	339,909	(339,909)	-	-	-
Exchange translation	(2,861)	-	-	-	-	1,401	(1,460)
Sales and write-offs	-	-	-	-	-	(4,483)	(4,483)
Balance at 31 December 2014	1,851,630	264,518	3,858,568	5,124,942	5,612,396	517,432	17,229,486
Increases (Note 17)	899,326	254,482	2,336,115	38,853	624,529	1,598	4,154,903
Transfers	-	-	4,779,326	(4,846,910)	-	67,584	-
Exchange translation	(51,126)	-	-	-	-	-	(51,126)
Sales and write-offs	-	-	-	-	-	(1,500)	(1,500)
Balance at 31 December 2015	2,699,830	519,000	10,974,009	316,885	6,236,925	585,114	21,331,763
Net:							
Net balance at 31 December 2014	63,715	6,004,482	2,705,300	4,032,142	1,023,392	-	13,829,031
Net balance at 31 December 2015	1,798,651	5,750,000	6,269,944	233,115	1,115,728	-	15,167,438

(a) This caption includes essentially the PLURAL brand acquired in a business concentration in the amount of 5,750,000 Euros.

(b) The most significant radio broadcasting permit included in this caption in the net amount of 3,198,479 Euros has a remaining operating period of six years.

(c) The transfer in 2015 corresponds essentially to cinema co-production which has an estimated operating period of three years, ending in 2017.

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17. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2015 and 2014 were as follows:

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Administrative equipment	Other fixed assets	Fixed assets in progress	Total
Gross:							
Balance at 31 December 2013	13,426,124	104,999,771	2,226,498	9,833,812	8,483,935	239,598	144,444,688
Business combinations (Note 6)	-	101,129	-	1,392	-	-	102,521
Acquisitions (Note 7)	111,520	2,671,179	56,369	491,650	200,650	1,378,756	4,910,124
Sales and write-offs	-	(444,687)	(281,934)	(291,822)	(12,559)	-	(1,031,002)
Transfers	-	625,841	-	6,622	105,039	(737,502)	-
Balance at 31 December 2014	<u>13,537,644</u>	<u>107,953,233</u>	<u>2,000,933</u>	<u>10,041,654</u>	<u>8,777,065</u>	<u>880,852</u>	<u>143,191,381</u>
Business combinations (Note 6)	-	152,482	7,500	140	2,312	-	162,434
Acquisitions (Note 7)	170,262	1,755,641	26,659	530,722	158,249	2,137,970	4,779,503
Sales and write-offs	(4,361,030)	(2,238,784)	(135,499)	(186,301)	(160,684)	(13,715)	(7,096,013)
Transfers	-	2,022,534	-	39,877	30,150	(2,092,561)	-
Balance at 31 December 2015	<u>9,346,876</u>	<u>109,645,106</u>	<u>1,899,593</u>	<u>10,426,092</u>	<u>8,807,092</u>	<u>912,546</u>	<u>141,037,305</u>
Accumulated depreciation and impairment losses:							
Balance at 31 December 2013	8,227,019	95,111,803	1,834,815	9,055,477	7,623,691	-	121,852,805
Business combinations (Note 6)	-	100,695	-	1,218	-	-	101,913
Increases	759,006	4,560,168	178,818	289,960	205,567	-	5,993,519
Sales and write-offs	-	(433,293)	(274,651)	(291,685)	(12,561)	-	(1,012,190)
Balance at 31 December 2014	<u>8,986,025</u>	<u>99,339,373</u>	<u>1,738,982</u>	<u>9,054,970</u>	<u>7,816,697</u>	<u>-</u>	<u>126,936,047</u>
Business combinations (Note 6)	-	150,200	5,938	140	2,312	-	158,590
Increases	656,840	3,543,596	162,905	425,476	232,727	-	5,021,544
Sales and write-offs	(3,834,375)	(2,238,785)	(135,499)	(185,920)	(160,686)	-	(6,555,265)
Balance at 31 December 2015	<u>5,808,490</u>	<u>100,794,384</u>	<u>1,772,326</u>	<u>9,294,666</u>	<u>7,891,050</u>	<u>-</u>	<u>125,560,916</u>
Net:							
Net balance at 31 December 2014	<u>4,551,619</u>	<u>8,613,860</u>	<u>261,951</u>	<u>986,684</u>	<u>960,368</u>	<u>880,852</u>	<u>16,255,334</u>
Net balance at 31 December 2015	<u>3,538,386</u>	<u>8,850,722</u>	<u>127,267</u>	<u>1,131,426</u>	<u>916,042</u>	<u>912,546</u>	<u>15,476,389</u>

The acquisitions in 2015 and 2014 correspond essentially to the acquisition of audiovisual equipment.

Amortization and depreciation recognized in the statements of profit and loss for 2015 and 2014 are made up as follows:

	2015	2014
Tangible fixed assets	5,021,544	5,993,519
Intangible assets (Note 16)	4,154,903	2,483,630
	<u>9,176,447</u>	<u>8,477,149</u>

At 31 December 2015 there were no restrictions on the ownership of tangible fixed assets given in guarantee of liabilities, all guarantees requested in favour of third parties given by Grupo Media Capital susceptible to disclosure being listed in Note 37.

18. INVESTMENT IN ASSOCIATES

The changes in investments in associates in 2015 and 2014 were as follows:

	<u>Investments in associates</u>
Balance at 31 December 2013	1,611,652
Dividends (Note 6)	(70,108)
Gains on associated companies	143,252
Balance at 31 December 2014	<u>1,684,796</u>
Dividends (Note 6)	(41,778)
Sale of associates (Note 5)	(49,236)
Gains on associated companies	2,675
Balance at 31 December 2015	<u><u>1,596,457</u></u>

As a result of applying the equity method of accounting to the associated companies in the years ended 31 December 2015 and 2014, the following amounts were recorded in the caption "Gain/(loss) on associated companies".

<u>Company</u>	<u>Investments in associates</u>		<u>Gain/(loss) on associates</u>	
	2015	2014	2015	2014
SOCATER	742,453	742,868	(415)	(28,577)
PCP	562,332	555,184	7,148	2,489
JEMPSA (Note 5)	-	49,236	-	(8,808)
Factoría	291,666	337,502	(4,058)	178,148
Others	6	6	-	-
	<u>1,596,457</u>	<u>1,684,796</u>	<u>2,675</u>	<u>143,252</u>
Plural Brasil (Note 28) (a)	-	-	(232,649)	(10,857)
	<u><u>1,596,457</u></u>	<u><u>1,684,796</u></u>	<u><u>(229,974)</u></u>	<u><u>132,395</u></u>

(a) At 31 December 2015 and 2014 provisions for additional estimated losses of 421,674 Euros and 189,025 Euros, respectively, were recognized (Note 28).

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The main financial information relating to the Company's associates at 31 December 2015 and 2014 was as follows:

		2015				
	Head office	Participation held	Assets	Equity	Total revenue	Net result
SOCATER	Tenerife (Spain)	40%	2,141,492	1,856,133	187,455	(1,038)
PCP	San Andrés (Spain)	40%	1,589,233	1,405,830	300,000	17,870
Plural Brasil	São Paulo (BRA)	49%	15,113	(416,892)	-	(109,548)
Factoría (a)	Zaragoza (Spain)	15%	6,824,787	1,944,440	11,952,657	301,410
		2014				
	Head office	Participation held	Assets	Equity	Total revenue	Net result
SOCATER	Tenerife (Spain)	40%	2,031,408	1,857,171	1,016,416	(71,440)
PCP	San Andrés (Spain)	40%	1,571,505	1,387,960	-	3,703
JEMPSA (a)	Madrid (Spain)	19%	6,223,160	259,135	34,127	(98,558)
Plural Brasil	São Paulo (BRA)	49%	22,306	(385,766)	-	(17,992)
Factoría (a)	Zaragoza (Spain)	15%	5,826,187	2,250,013	8,924,811	1,187,653

(a) The Group has significant influence on these companies as it has the right to appoint the Managing Director of its Board of Directors.

19. TELEVISION PROGRAM BROADCASTING RIGHTS

Television program broadcasting rights at 31 December 2015 and 2014 are made up as follows:

Nature	2015	2014
Novels	63,243,153	58,353,585
Films	12,629,820	14,326,395
Series	4,536,473	4,549,256
Entertainment	2,131,480	2,118,065
Sports	150,000	2,584,956
Others	299,118	133,930
	<u>82,990,044</u>	<u>82,066,187</u>
Non-current assets	53,890,762	48,481,402
Current assets	29,099,282	33,584,785
	<u>82,990,044</u>	<u>82,066,187</u>

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20. OTHER NON-CURRENT ASSETS

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Access to the Digital Land Television network (Televisão Digital Terrestre - "TDT") (a)	3,211,765	3,479,412
Receivables from related parties (Note 32)	<u>17,527</u>	<u>213,857</u>
	<u><u>3,229,292</u></u>	<u><u>3,693,269</u></u>

(a) This amount corresponds to costs incurred for access to the TDT network, which is expensed over the contracted utilization period of the network.

21. INVENTORIES

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>			<u>2014</u>		
	Gross	Accumulated impairment loss (Note 28)	Net	Gross	Accumulated impairment loss (Note 28)	Net
Goods	<u>413,244</u>	<u>(400,000)</u>	<u>13,244</u>	<u>571,230</u>	<u>(533,154)</u>	<u>38,076</u>

22. TRADE AND OTHER RECEIVABLES

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>			<u>2014</u>		
	Gross	Accumulated impairment loss (Note 28)	Net	Gross	Accumulated impairment loss (Note 28)	Net
Trade receivables	36,648,999	(5,271,689)	31,377,310	37,344,733	(5,789,709)	31,555,024
Receivables from related parties (Note 32)	451,711	-	451,711	1,766,794	-	1,766,794
Invoices to be issued	<u>7,962,274</u>	-	<u>7,962,274</u>	<u>8,621,260</u>	-	<u>8,621,260</u>
	<u><u>45,062,984</u></u>	<u><u>(5,271,689)</u></u>	<u><u>39,791,295</u></u>	<u><u>47,732,787</u></u>	<u><u>(5,789,709)</u></u>	<u><u>41,943,078</u></u>

23. OTHER CURRENT ASSETS

This caption was made up as follows at 31 December 2015 and 2014:

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	2015			2014		
	Gross	Accumulated impairment loss	Net	Gross	Accumulated impairment loss	Net
		(Note 28)			(Note 28)	
State and other public entities (Note 31)	407,067	-	407,067	998,611	-	998,611
Sundry debtors	3,369,045	(525,975)	2,843,070	943,833	(525,975)	417,858
Receivables from related parties (Note 32)	1,987,763	-	1,987,763	8,661,320	-	8,661,320
Prepayments	2,810,136	-	2,810,136	2,102,187	-	2,102,187
	<u>8,574,011</u>	<u>(525,975)</u>	<u>8,048,036</u>	<u>12,705,951</u>	<u>(525,975)</u>	<u>12,179,976</u>

24. CASH AND CASH EQUIVALENTS

This caption was made up as follows at 31 December 2015 and 2014:

	2015	2014
Bank deposits repayable on demand	5,335,288	2,747,917
Cash	210,068	247,670
	<u>5,545,356</u>	<u>2,995,587</u>

25. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Company's fully subscribed for and paid up capital at 31 December 2015 and 2014 was made up of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2015 and 2014 the Group's capital was held by the following shareholders:

	2015		2014	
	Shares	Percentage	Shares	Percentage
VERTIX	80,027,607	94.69	80,027,607	94.69
Others, less than 10% of the capital	4,485,573	5.31	4,485,573	5.31
	<u>84,513,180</u>	<u>100.00</u>	<u>84,513,180</u>	<u>100.00</u>

At 31 December 2015 and 2014 the caption "Reserves" was made up as follows:

	2015	2014
Free reserves	24,119,449	24,111,911
Legal reserve	5,682,633	5,036,236
Exchange translation differences	(651,984)	(319,119)
	<u>29,150,098</u>	<u>28,829,028</u>

In accordance with current legislation the Company must transfer at least 5% of its annual net profit to a legal reserve until the reserve reaches at least 20% of share capital. The reserve cannot be distributed, except upon liquidation of the company, but may be used to absorb losses after all the other reserves have been used up or to increase capital.

The Shareholders' Annual General Meeting held on 18 March 2015 approved the appropriation of the profit for the year ended 31 December 2014, with the appropriation of 646,397 Euros to the legal reserve, 7,538 Euros to free reserves and 15,820,870 Euros for dividends.

The distribution of the above dividend, which corresponds to 0.1872 Euros per share, was paid on 30 March 2015.

As approved on this date by the Board of Directors and referred to in the Directors' Report, a proposal was made for the appropriation of the net profit for 2015, which includes the payment of a dividend of 9,296,500 Euros, which corresponds to 0.11 Euros per share.

26. AVAILABLE-FOR-SALE FINANCIAL ASSETS

On 27 July 2007 TVI subscribed for participating units corresponding to 12.05% of a special cinema and audiovisual fund ("FICA") founded in accordance with Ministerial Order 277/2007.

The purpose of the fund was to invest in cinema, audiovisual and multiplatform works, aimed at extensively exploiting them, with a view to increasing and improving the potential value of these productions with the ultimate objective of motivating the development of cinema and audiovisual art.

In 2014 the fund was liquidated. Consequently, TVI was attributed a total of 382,878 Euros corresponding to the proportional value of the participating units previously subscribed for and paid up by the Group, out of the total of net assets held by FICA at the time of its liquidation. At that time the net book value of the participating units was zero Euros.

In 2015 the amount of 8,857 Euros was paid in final liquidation of the amount due.

27. BORROWINGS

This caption was made up as follows at 31 December 2015 and 2014:

	2015				2014			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bonds (a)	1,205,206	74,608,240	-	75,000,000	1,296,049	74,370,990	-	75,000,000
Other bank borrowing (b)	3,873,836	37,250,000	3,897,000	37,250,000	12,832,203	28,544,309	13,250,000	28,750,000
Finance lease liability (c)	492,816	115,701	492,816	115,701	934,376	630,778	934,376	630,778
Other borrowings (d)	-	222,587	-	222,587	-	110,135	-	110,135
	<u>5,571,858</u>	<u>112,196,528</u>	<u>4,389,816</u>	<u>112,588,288</u>	<u>15,062,628</u>	<u>103,656,212</u>	<u>14,184,376</u>	<u>104,490,913</u>

(a) Bond:

On 14 July 2014 the Company issued 7,500 bonds called Media Capital 2014-2019, by private subscription in the total amount of 75,000,000 Euros for a maximum period of 5 years (15,000,000 Euros in 2017, 24,750,000 Euros in 2018 and 35,250,000 Euros in 2019) at an annual interest rate corresponding to the six month Euribor rate plus a spread of 4%.

(b) Other borrowings:

Commercial paper:

On 30 January 2015 the Group substituted a 10,000,000 Euros credit line by a commercial paper contract.

On 4 August 2015 the Group signed commercial paper contracts totalling 35,000,000 Euros with two financial institutions and renegotiated the conditions of the commercial paper contract signed on 30 January 2015, which became a total maximum amount of 15,000,000 Euros. The contracts are for maximum periods of 4 and 5 years and have an annual interest rate corresponding to the Euribor rate for the period of issuance plus an average spread of 1.517%.

Of the total amount of 50,000,000 Euros 39,750,000 Euros have been used.

Short term credit lines:

On 6 August 2015 the Group signed contracts for access to three credit lines totalling 15,000,000 Euros to support short term credit, of which at 31 December 2015 1,397,000 Euros had been used. The credit lines bear interest at an annual rate corresponding to the Euribor 1M, Euribor 3M and Euribor 6M rates plus an average annual spread of 1.675%.

The above contracts establish early repayment in the event of non-compliance with the contractual obligations relating, among others, to ownership of the capital in situations implying loss of control by the Prisa Group and the financial performance of the Group, which had not occurred at 31 December 2015. Reasonable changes in the above financial performance measures, measured based on the relationship between the Company's indebtedness and EBITDA (which in overall terms consists in the operating results plus amortization and depreciation, provisions and impairment losses), namely a 5% variation in EBITDA continues to comply with the above requirements.

At 31 December 2015 and 2014 the nominal amount used, amount contracted and repayment plan were as follows:

	31.12.2015		31.12.2014	
	Amount used 31/12/2015	Total contracted	Amount used 31/12/2014	Total contracted
Bonds	75,000,000	75,000,000	75,000,000	75,000,000
Commercial paper	39,750,000	50,000,000	35,000,000	35,000,000
Short term credit lines	1,397,000	15,000,000	7,000,000	30,000,000
	<u>116,147,000</u>	<u>140,000,000</u>	<u>117,000,000</u>	<u>140,000,000</u>

The repayment plan of the amount used in the period ended 31 December 2015 is as follows:

2016	3,897,000
2017	18,250,000
2018	33,750,000
2019	45,750,000
2020	14,500,000
	<u>116,147,000</u>

- (c) At 31 December 2015 and 2014 Grupo Media Capital had the following assets under finance lease:

	2015		
	Cost	Accumulated depreciation	Net
Machinery and equipment	7,225,852	(7,054,320)	171,532
Transport equipment	582,919	(527,586)	55,333
Other tangible fixed assets	185,930	(185,930)	-
	<u>7,994,701</u>	<u>(7,767,836)</u>	<u>226,865</u>

	2014		
	Cost	Accumulated depreciation	Net
Machinery and equipment	7,225,852	(6,370,696)	855,156
Transport equipment	582,919	(431,067)	151,852
Administrative equipment	185,930	(185,930)	-
Other tangible fixed assets	<u>7,994,701</u>	<u>(6,987,693)</u>	<u>1,007,008</u>

The finance lease contracts at 31 December 2015 and 2014 are repayable as follows:

	2015	2014
2015	-	934,376
2016	492,816	-
	<u>492,816</u>	<u>934,376</u>
2016	-	511,497
2017	115,701	119,281
	<u>115,701</u>	<u>630,778</u>

At 31 December 2015 blank promissory notes had been given in guarantee of some of the loans from the financial institutions.

- (d) The Group formalized the three Payments in the form of Interim Repayment (Pagamento a Título de Reembolso Intercalar - "PTRI") in B Form on 15 July 2014, 19 February 2015 and 31 July 2015, respectively, in terms of the former QREN Incentive Payment Norm. (O.G. n.º 04.REV3/2012) and received the corresponding incentive, in the amount of 110,135 Euros, 124,196 Euros and 42,733 Euros. At 31 December 2015, after the first audit of the project, a realization premium that is a non-refundable incentive, in the amount of 54,447 Euros was granted, the repayment terms of the repayable incentive having been readjusted proportionately.

Repayment of the incentives is as follows:

2018	49,447
2019	86,570
2020	<u>86,570</u>
	<u>222,587</u>

28. ACCUMULATED PROVISIONS FOR IMPAIRMENT LOSSES

The changes in the caption Provisions in the years ended 31 December 2015 and 2014 were as follows:

	<u>Taxes</u>	<u>Legal processes in progress</u>	<u>Loss on associates (Note 18)</u>	<u>Total</u>
Balance at 31 December 2013	5,100,125	1,324,132	178,168	6,602,425
Increases (Notes 7 and 12)	259,895	468,774	10,857	739,526
Decreases (Note 7)	-	(257,567)	-	(257,567)
Utilisation	-	(143,294)	-	(143,294)
Balance at 31 December 2014	<u>5,360,020</u>	<u>1,392,045</u>	<u>189,025</u>	<u>6,941,090</u>
Increases (Notes 7 and 12)	-	563,625	232,649	796,274
Decreases (Note 7)	-	(614,159)	-	(614,159)
Utilisation	-	(14,998)	-	(14,998)
Transfers	(40,918)	40,918	-	-
Balance at 31 December 2015	<u>5,319,102</u>	<u>1,367,431</u>	<u>421,674</u>	<u>7,108,207</u>

Provision for taxes

The provision for taxes at 31 December 2015 in the amount of 5,319,102 Euros is to cover essentially the estimated liability relating to additional assessments of corporation income tax of 5,400,000 Euros.

The liability at that date resulting from the additional assessments was estimated based on the opinions of the Group's lawyers, by its discounted amount considering the time value of money, based on the time estimated by them for the payment to be made, which depends on the legal evolution of the process.

Considering the uncertainties of such types of process, the Group's legal and tax advisors estimated the liability based on arguments presented by the Group in the respective contestations and estimated time to pay the liability, considering the time value of money.

Provision for legal processes in progress

The provision for legal processes in progress at 31 December 2015 is to cover litigation essentially relating to labour processes, defamation, abuse of press freedom and regulations, resulting from the Group's normal operations. Considering the uncertainties of such types of process, the amount of which totals approximately 3,300,000 Euros, the Group's lawyers estimated the amount of the liability based on the arguments presented, historical experience of the resolution of such types of process and the estimated time to pay the liability.

Following the sentence issued on 24 May 2014 and as a result of the difference existing between the Group's subsidiary TVI – Televisão Independente, S.A. (“TVI”) and GDA – Cooperativa de Gestão dos Direitos dos Artistas Intérpretes ou Executantes (“GDA”) relating to the fixing of equitable remuneration of the rights relating to the services rendered by artists, interpreters or executors that are legally protected, TVI requested the fixing of the annual remuneration due by TVI, in accordance with the amount per minute of the related exhibitions made, to be determined in terms of their liquidation. In the year ended 31 December 2015 TVI received a notification to oppose the liquidation of the sentence presented by GDA in the Central Incidence – 2nd Civil Section of the Municipality of Lisbon West. Considering the Media Capital Group's interests in the defence of the existing dispute between the parties, based on the lack of legal capacity of the entity to exercise the rights claimed and the inadequacy of the methodology used to support the amount claimed, the Group believes that the claim presented is unfounded, having opposed the corresponding claim, requesting that the process be judged by the Intellectual Property Court, so as to establish equitable remuneration of the rights of the artists, interpreters or executors that are legally protected.

The decreases and utilization of the “Legal processes in progress” in the year ended 31 December 2015 result from the resolution of some legal processes that were in litigation.

The increase in the caption “Loss on investments” in the year ended 31 December 2015, relates to Plural Brasil (Note 18).

The changes in impairment losses in the years ended 31 December 2015 and 2014 were as follows:

	Inventories (Note 21)	Trade and other receivables (Note 22)	Other current assets (Note 23)	Total
Balance at 31 December 2013	521,398	5,563,567	298,456	6,383,421
Increases (Note 7)	92,156	951,395	324,603	1,368,154
Decreases (Note 7)	-	(177,514)	-	(177,514)
Direct utilisation	(80,400)	(547,739)	(97,084)	(725,223)
Balance at 31 December 2014	533,154	5,789,709	525,975	6,848,838
Increases (Note 7)	24,368	1,064,800	-	1,089,168
Decreases (Note 7)	-	(345,754)	-	(345,754)
Direct utilisation	(157,522)	(1,237,066)	-	(1,394,588)
Balance at 31 December 2015	400,000	5,271,689	525,975	6,197,664

In 2015 the Company used impairment losses for trade and other receivables as it considered the amounts to be uncollectible.

The provision for impairment losses (increases/decreases) recognized in the years ended 31 December 2015 and 2014 (Note 7) were as follows:

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	<u>2015</u>	<u>2014</u>
Legal processes in progress	(50,534)	211,207
Inventories	24,368	92,156
Trade and other receivables	719,046	773,881
Other current assets	-	324,603
	<u>692,880</u>	<u>1,401,847</u>
Goodwill impairment (Note 15)	390,000	-
	<u>1,082,880</u>	<u>1,401,847</u>

29. TRADE AND OTHER PAYABLES

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Current suppliers	18,807,723	21,423,188
Accounts payable to related parties (Note 32)	542,333	4,241,074
Accrued costs:		
Accrued trade discounts	12,200,026	11,034,212
Authors' rights and royalties	2,071,314	2,028,848
Other supplies and services	2,163,255	1,920,904
Sales returns	50,619	93,364
Other	2,910,836	1,741,524
	<u>38,746,106</u>	<u>42,483,114</u>

30. OTHER CURRENT LIABILITIES

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Suppliers of fixed assets (a)	1,734,202	3,622,240
Sundry creditors:		
Personnel remuneration	6,758,800	7,046,473
Others	1,325,397	670,999
State and other public entities (Note 31)	9,804,796	7,383,694
Accounts payable to related parties (Note 32)	4,121,876	4,505,112
Deferred revenue	3,275,284	4,371,407
	<u>27,020,355</u>	<u>27,599,925</u>

- (a) The decrease in this caption corresponds essentially to payments in 2015 for investments in tangible fixed assets made by the Group in 2014, namely in technical equipment to support the broadcasting of its television channels.

31. STATE AND OTHER PUBLIC ENTITIES

This caption was made up as follows at 31 December 2015 and 2014:

	2015		2014	
	Receivable balances (Note 23)	Payable balances (Note 30)	Receivable balances (Note 23)	Payable balances (Note 30)
Value Added Tax	407,067	5,987,482	998,611	3,842,134
Social Security contributions	-	1,323,354	-	1,256,029
Personal Income Tax	-	1,145,658	-	1,123,509
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	-	934,020	-	792,504
Others	-	414,282	-	369,518
	<u>407,067</u>	<u>9,804,796</u>	<u>998,611</u>	<u>7,383,694</u>

32. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

The balances at 31 December 2015 and 2014 and transactions for the years then ended with related companies excluded from the consolidation were as follows:

	2015				
	Other non-current assets (Note 20)	Trade and other receivables (Note 22)	Other current assets (Note 23)	Trade and other payables (Note 29)	Other current liabilities (Note 30)
Top parent company: Promotora de Informaciones, S.A (a) (b)	17,527	16,886	469,652	463,419	8,686
Parent company: VERTIX (c) (d)	-	133,807	1,319,914	(1,836)	4,113,190
	<u>17,527</u>	<u>150,693</u>	<u>1,789,566</u>	<u>461,583</u>	<u>4,121,876</u>
Associated companies: Plural Brasil	-	223,479	198,197	-	-
Factoria	-	6,443	-	-	-
	-	<u>229,922</u>	<u>198,197</u>	-	-
Other companies: SOGECABLE MÚSICA, S.L.	-	60,500	-	-	-
Santillana Editores, S.A.	-	10,351	-	-	-
Promotora General de Revistas, S.A.	-	245	-	49,192	-
Prisa Brand Solutions, S.L.U.	-	-	-	31,558	-
	-	<u>71,096</u>	-	<u>80,750</u>	-
	<u>17,527</u>	<u>451,711</u>	<u>1,987,763</u>	<u>542,333</u>	<u>4,121,876</u>

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	2015				
	Services rendered	Other operating revenue	Financial income	Supplies and services	Financial costs
Top parent company:					
Promotora de Informaciones, S.A.	12,775	-	23,156	1,225,037	-
Parent company:					
VERTIX	18,310	9,000	-	-	79,472
	<u>31,085</u>	<u>9,000</u>	<u>23,156</u>	<u>1,225,037</u>	<u>79,472</u>
Associated companies:					
Factoría	27,425	-	-	-	-
Plural Brasil	-	-	6,708	-	-
	<u>27,425</u>	<u>-</u>	<u>6,708</u>	<u>-</u>	<u>-</u>
Other companies:					
Compañía Independiente de Televisión, S.L.	276,030	-	-	-	-
DTS - Distribuidora de Television Digital, S.A.	266,792	-	-	9,706	-
Santillana Editores, S.A.	100,271	846	-	190	-
SOGECABLE MÚSICA, S.L.	65,948	-	-	-	-
Promotora General de Revistas, S.A.	125	-	-	49,192	-
Diario El País, S.L.	(12,512)	-	-	-	-
Prisa Digital, S.L.	(2,100)	-	-	-	-
Prisa Brand Solutions, S.L.U.	-	-	-	104,823	-
	<u>694,554</u>	<u>846</u>	<u>-</u>	<u>163,911</u>	<u>-</u>
	<u>753,064</u>	<u>9,846</u>	<u>29,864</u>	<u>1,388,948</u>	<u>79,472</u>

The more significant balances with related parties at 31 December 2015 are as follows:

Promotora de Informaciones, S.A.

- (a) The medium and long term accounts receivable correspond essentially income tax for the year receivable from the companies PLURAL España and Tesela, under the tax consolidation of Prisa in the amount of 402,754 Euros (Note 13).

In addition, the accounts receivable include 101,186 Euros relating to the Company's operations and 125 Euros relating to interest receivable.

- (b) The accounts payable correspond essentially to the Company's operations and management fees.

In addition, this caption includes 8,686 Euros (Note 13) relating to income tax for the year payable by the companies PLURAL España, PLURAL Canarias and Tesela under the tax consolidation of Prisa.

VERTIX

- (c) The accounts payable of 4,033,718 Euros correspond essentially to estimated income tax of the Group's subsidiaries included in the tax consolidation for the year ended 31 December 2015 and 79,472 Euros relating to interest payable.

- (d) The accounts receivable correspond to estimated income tax of the Group's subsidiaries included in the tax consolidation for the year ended 31 December 2015 in the amount of 1,319,914 Euros (Note 13) and 133,807 Euros relating to balances resulting from ceding credit.

The receipts and payments relating to loans granted to related companies in the year ended 31 December 2015 were as follows:

Consolidated Accounts

Receipts relating to:

Repayment of loans granted:

Prisa	3,060,544
Jempsa	247,795
Brasil	15,000
	<u>3,323,339</u>

Payments relating to:

Loans granted:

Prisa	29,605
Brasil	28,750
	<u>58,355</u>

	2014				
	Other non-current assets (Note 20)	Trade and other receivables (Note 22)	Other current assets (Note 23)	Trade and other payables (Note 29)	Other current liabilities (Note 30)
Top parent company:					
Promotora de Informaciones, S.A. (a) (b)	-	2,720	3,037,513	4,097,227	224,240
Parent company:					
VERTIX (c) (d)	-	2,799	1,713,356	-	3,280,872
	-	<u>5,519</u>	<u>4,750,869</u>	<u>4,097,227</u>	<u>3,505,112</u>
Associated companies:					
JEMPSA (e)	213,857	-	3,731,915	-	-
Plural Brasil	-	223,479	178,536	-	-
Factoría	-	29,403	-	-	-
SOCATER	-	16,005	-	-	-
	<u>213,857</u>	<u>268,887</u>	<u>3,910,451</u>	-	-
Other companies:					
Compañía Independiente de Televisión, S.L.	-	1,019,093	-	-	-
DTS - Distribuidora de Televisión Digital, S.A.	-	372,362	-	81,138	1,000,000
SOGEABLE MÚSICA, S.L.	-	59,310	-	-	-
Prisa Digital, S.L.	-	14,989	-	-	-
Diario El País, S.L.	-	14,514	-	-	-
Prisa Brand Solutions, S.L.U.	-	5,590	-	27,329	-
Santillana Editores, S.A.	-	4,530	-	592	-
Promotora General de Revistas, S.A.	-	2,000	-	-	-
CHIP Audiovisual, S.A.	-	-	-	34,788	-
	-	<u>1,492,388</u>	-	<u>143,847</u>	<u>1,000,000</u>
	<u>213,857</u>	<u>1,766,794</u>	<u>8,661,320</u>	<u>4,241,074</u>	<u>4,505,112</u>

Consolidated Accounts

	2014				
	Services rendered	Other operating revenue	Financial income	Supplies and services	Financial costs
Top parent company:					
Promotora de Informaciones, S.A.	(2,720)	-	80,019	975,731	-
Parent company:					
VERTIX	18,310	9,000	25,814	-	26,942
	<u>15,590</u>	<u>9,000</u>	<u>105,833</u>	<u>975,731</u>	<u>26,942</u>
Associated companies:					
JEMPSA	-	-	-	-	-
Plural Brasil	-	-	7,737	-	-
	<u>-</u>	<u>-</u>	<u>7,737</u>	<u>-</u>	<u>-</u>
Other companies:					
Compañía Independiente de Televisión, S.L.	1,036,719	-	-	-	-
Mediaset España Comunicación, S.A.	330,028	-	-	3,960	-
DTS - Distribuidora de Television Digital, S.A.	676,005	-	-	187,090	-
SOGECABLE MÚSICA, S.L.	49,017	-	-	-	-
Factoría	26,500	-	-	1,500	-
Santillana Editores, S.A.	15,227	12,511	-	559	-
Prisa Digital, S.L.	13,588	-	-	-	-
Sociedade Española de Radiodifusión, S.A.	3,228	-	-	-	-
Promotora General de Revistas, S.A.	2,000	-	-	-	-
Prisa Brand Solutions, S.L.U.	-	-	-	51,917	-
	<u>2,152,312</u>	<u>12,511</u>	<u>-</u>	<u>245,026</u>	<u>-</u>
	<u>2,167,902</u>	<u>21,511</u>	<u>113,570</u>	<u>1,220,757</u>	<u>26,942</u>

The more significant balances with related parties at 31 December 2014 are as follows:

Promotora de Informaciones, S.A.

- (a) The short term accounts receivable correspond essentially to a cash pooling contract with PLURAL España, totalling 3,037,513 Euros, which bears interest at the Euribor one month rate plus a spread of 2.5%.
- (b) The accounts payable correspond essentially to the Company's operations and management fees.

In addition, this caption includes 224,240 Euros (Note 13) relating to income tax for the year of the companies Plural España and Tesela, under the tax consolidation of Prisa.

VERTIX

- (c) The accounts payable of 3,280,872 Euros correspond essentially to estimated income tax of the Group's subsidiaries included in the tax consolidation for the year ended 31 December 2015, as VERTIX became head of the consolidation as from 1 January 2014 (Note 13) and 26,943 Euros relating to interest payable.
- (d) The accounts receivable correspond to estimated income tax of the Group's subsidiaries included in the tax consolidation for the year ended 31 December 2015 in the amount of 1,691,185 Euros (Note 13) and 22,173 relating to accrued interest income.

JEMPSA

- (e) These amounts correspond to the financing of a co-production, which will be realized through the exploitation of its financial rights.

The receipts and payments relating to loans granted to related companies in the year ended 31 December 2014 were as follows:

Receipts relating to:		
Repayment of loans granted:		
Vertix		<u>1,703,000</u>
Payments relating to:		
Loans granted:		
Vertix		1,703,000
Prisa		80,193
jempsa		<u>15,000</u>
		<u>1,798,193</u>

In addition, in the years ended 31 December 2015 and 2014 the companies included in the consolidation carried out transactions between themselves at market prices, relating essentially to the following:

- Purchase of television and audiovisual contents;
- Purchase of cinema rights;
- Treasury loans; and
- Rendering of administrative and accounting services.

33. FINANCIAL COMMITMENTS ASSUMED AND NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

At 31 December 2015 and 2014 the Company had contracts and agreements with third parties to purchase rights, broadcast films and other programs in the amounts of 3,919,825 Euros and 13,311,896 Euros, respectively. The estimated dates in which the films and programs will be available for broadcasting and the related payment are as follows:

31 December 2015:

Nature	2016	2018	2019 and following years	Total
Sport	751,500	-	-	751,500
Films	-	1,011,096	1,480,171	2,491,267
Series	-	484,725	-	484,725
Entertainment	-	-	52,819	52,819
Others	<u>117,014</u>	-	<u>22,500</u>	<u>139,514</u>
	<u>868,514</u>	<u>1,495,821</u>	<u>1,555,490</u>	<u>3,919,825</u>

31 December 2014:

Nature	2015	2017	2018 and following years	Total
Films	-	587,397	4,544,341	5,131,738
Entertainment	6,359,350	-	-	6,359,350
Sport	1,627,000	-	-	1,627,000
Others	-	-	193,808	193,808
	7,986,350	587,397	3,902,687	13,311,896

34. OPERATING LEASES

At 31 December 2015 and 2014 the Company had liabilities not reflected on the statement of financial position totalling 10,140,183 Euros and 12,098,214 Euros, respectively, under operating lease contracts.

The liabilities are as follows:

- (a) Lease contract of the Company's installations ending on 31 December 2019, with a preferential right of renewal.

<u>Amounts recognized as cost:</u>	2015	2014
Minimum operating lease payments - Queluz installations	973,512	978,303

The liabilities assumed under the operating lease contract, not included in the statement of financial position, at 31 December 2015 and 2014 were as follows:

<u>Liabilities assumed:</u>	2015	2014
2015	-	988,086
2016	983,247	997,967
2017	993,080	1,007,947
2018	1,003,010	1,018,026
2019	1,013,040	1,028,206
	3,992,377	5,040,232

- (b) Vehicle lease contract for 4 to 5 years.

<u>Amounts recognized as cost:</u>	2015	2014
Minimum vehicle lease payments	867,674	866,510

The liabilities assumed under these vehicle lease contracts at 31 December 2015 and 2014 were payable as follows:

<u>Liability assumed:</u>	<u>2015</u>	<u>2014</u>
2015	-	830,436
2016	760,038	589,675
2017	521,863	341,305
2018	351,720	171,292
2019	193,000	17,153
2020	28,106	-
	<u>1,854,727</u>	<u>1,949,861</u>

(c) Lease contracts for the studio and warehouse installations.

<u>Amounts recognized as cost:</u>	<u>2015</u>	<u>2014</u>
Minimum studio and warehouse lease payments	<u>746,494</u>	<u>744,221</u>

The liabilities assumed under these lease contracts at 31 December 2015 and 2014 are payable as follows:

<u>Liability assumed:</u>	<u>2015</u>	<u>2014</u>
2015	-	751,270
2016	752,967	759,827
2017	760,497	768,482
2018	768,102	777,236
2019 and following years	2,011,513	2,051,306
	<u>4,293,079</u>	<u>5,108,121</u>

35. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following rates of exchange were used to translate foreign currency assets and liabilities to Euros at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
US dollar	1.0887	1.2141
British pound	0.7340	0.7789
Swiss franc	1.0835	1.2024

In addition, at 31 December 2015 and 2014 the following exchange rates were used to translate the US Dollar financial statements of Group companies to Euros:

	2015	2014
Exchange rate in force at the statement of financial position date	1.093	1.216
Average exchange rate for the year	1.094	1.250

In addition, there are fixed assets that were translated at the historical rates of 1.2405 and 0.9190.

36. CONTINGENT LIABILITIES

The Group received additional corporation income tax assessments in the years 2009 to 2015, resulting from tax inspections of the years 2006 to 2012 in the amount of approximately 3,977,000 Euros. In 2015, given the nature of the processes the Group disagrees with the additional assessments and, based on the opinion of its lawyers, believes that there are solid arguments to contest the position of the tax authorities and so it did not make any provision for them in the consolidated financial statements. Given the nature of the processes, the timing of their resolution depends on the various phases that they will undergo.

In addition, in the course of its operations the Group has become involved in legal processes relating essentially to defamation, liberty of the press and processes of a regulatory nature totalling approximately 2,071,000 Euros. Based on the opinions of the Group's lawyers no liability has been estimated resulting from the outcome of the processes. Given the nature of the processes, the timing of their resolution depends on their legal resolution.

37. GUARANTEES GIVEN TO THIRD PARTIES

At 31 December 2015 the Group had the following bank and other guarantees given to third parties:

Competition prizes	3,998,721
Direcção Geral de Impostos – processes under execution (a)	2,959,008
De Lage Laden International, B.V.- Sucursal em Portugal - guarantees and sureties relating to compliance with the contract to acquire equipment	115,481
Legal and other processes (a)	621,727
Guarantee of good payment - rendering of services and acquisition of equipment contracts	32,000

(a) Processes provided for based on the opinions of the Group's lawyers and consultants.

In addition, at 31 December 2015 the Group was guarantor under a loan contract in the amount of 676,800 Euros.

38. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the key members of the Company and its subsidiaries in the year ended 31 December 2015 amounted to 1,499,403 Euros (1,399,009 Euros in 2014).

Remuneration for the year ended 31 December 2015 is divided between fixed remuneration of 1,210,543 Euros and variable remuneration of 288,860 Euros (1,068,725 Euros and 330,284 Euros, respectively in 2014).

All the remuneration earned by the key members of the Company and its subsidiaries corresponds to short term benefits. Remuneration of the above mentioned key members is determined by the Company's Remuneration Commission considering the parameters relating to individual performance.

39. FINANCIAL INSTRUMENTS

At 31 December 2015 and 2014 the main financial instruments, recorded at amortized cost, were as follows:

	<u>2015</u>	<u>2014</u>
<u>Financial assets:</u>		
Available-for-sale financial assets	4,988	7,632
Trade and other receivables	45,175,588	52,479,877
Cash and cash equivalents (Note 24)	<u>5,545,356</u>	<u>2,995,587</u>
	<u>50,725,932</u>	<u>55,483,096</u>
<u>Financial liabilities:</u>		
Borrowings (Note 27)	117,768,386	118,718,840
Trade and other payables	<u>62,520,878</u>	<u>65,764,696</u>
	<u>180,289,264</u>	<u>184,483,536</u>

At 31 December 2015 the Group only had financial assets and liabilities measured at amortized cost which, as shown above, correspond to available-for-sale financial assets, receivables, cash and cash equivalents, borrowings and payables.

As regards the available-for-sale financial assets, current receivables and payables, cash and cash equivalents the Group believes, considering the specific nature of these financial assets, that their fair value does not differ significantly from their book value.

As regards loans, the Group believes that their fair value depends significantly on the level of risk attributed by the financial entities and the conditions that Grupo Media Capital will be able to obtain on the date of the statement of financial position, if it went to the market to contract loans of the same amount and terms as those existing at 31 December 2015. However, borrowings were renegotiated in 2015 and so their conditions were adjusted considering the current conditions of the financial markets and the level of risk attributed by the banks to the Group, and so the Group's Board of Directors believes that the book value of the loans does not differ significantly from their fair value.

Grupo Media Capital in its business is exposed to a series of financial risks which could affect its value, which, by nature, are as follows:

- Market risk, based essentially on interest rate risk and exchange rate risk;
- Credit risk; and
- Liquidity risk.

Therefore, management is focussed on two fundamental principles:

- Whenever possible decrease profit and cash flow fluctuations subject to risk;
- Limit variations in relation to projected results, through careful financial planning, based on multiannual budgets.

(a) Market risk

Market risk relates to changes in interest rates and exchange rates.

(i) Interest rate

In order to monitor this risk the Group regularly controls the financial autonomy and Net Debt/EBITA ratios, as well as other measures that attest the balance of its indebtedness structure.

Interest rate risk relates essentially to interest cost resulting from bonds issued and the commercial paper program at variable interest rates.

At 31 December 2015 the full amount of the loan contracted was exposed to changes in the market interest rate.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2015 and 2014 net profit for these years would have increased or decreased by approximately 587,000 Euros and 393,000 Euros, respectively.

(ii) Exchange rate

Exchange rate risk relates essentially to exposure to the investment in Plural Entertainment Inc. (participated in by PLURAL España, with head office in Miami) as well as to debts in currencies other than the Euro, the Group's functional currency.

The exposure in Plural Entertainment Inc. at 31 December 2015 relates to net assets of the subsidiary totalling 357,344 USD (327,059 Euros).

In addition, exchange rate risk at 31 December 2015 relates to:

- Television program broadcasting rights contracts entered into with several foreign producers;
- Cinema and video program broadcasting rights contracts with independent producers.

The exchange rate risk relating to these contracts is small considering their short payment terms.

If the exchange rates had been 0.5% higher or lower in the years ended 31 December 2015 and 2014, net profit for these years would have increased or decreased by approximately 1,500 Euros and 2,600 Euros, respectively. In addition, the negative effect of the translation of the operations realized abroad recorded in equity would be approximately 332,865 Euros for 2015 (312,067 Euros for 2014).

The Euro equivalents of the Company's foreign currency balances, translated at the exchange rates in force at 31 December 2015 and 2014, are as follows:

Balances due	2015	2014
US dollar (USD)	1,038,458	556,442
British pound (GBP)	-	4,397
French franc (CHF)	-	60,795
	1,038,458	621,634

In addition, at 31 December 2015 and 2014 there were contracts and agreements in foreign currencies for the purchase of rights, exhibition of films and other programs in the amounts of 69,194 Euros and 2,736,319 Euros, respectively.

If the rates of exchange at 31 December 2015 and 2014 were 0.5% higher or lower the amount of the commitments would have increased or decreased by approximately 5,100 Euros and 14,000 Euros, respectively.

The Company is also subject to exchange rate risk on future transmission rights contracts to be entered into, for which hedging instruments have not been contracted.

(b) Credit risk

Credit risk relates essentially to accounts receivable resulting from the Group's operations (Notes 22 and 23), which the Group endeavours to reduce through its policy of financial discounts for early payment or payment on demand. This risk is monitored on a regular basis for each of the Group's businesses with the objective of:

- limiting credit granted to customers considering their profiles and age of the receivable;
- monitoring evolution of the credit level granted;
- analysing the recoverability of amounts receivable on a regular basis.

Accounts receivable impairment losses are calculated considering:

- an analysis of the age of accounts receivable;
- the client's risk profile;
- the client's financial condition.

Changes in impairment loss on accounts receivable are shown in Note 28.

The Board of Directors believes that the estimated impairment losses at 31 December 2015 are adequately reflected in the consolidated financial statements. The Company believes that there is no need to increase the adjustments to accounts receivable more than the amounts shown in Note 28. In addition, the financial discount allowed for early payment or payment on demand serve as a means to reduce the credit risk of the Group's various businesses.

At 31 December 2015 and 2014, accounts receivable include overdue balances as detailed below, for which no impairment loss was recognized as the Board of Directors considers the balances are realizable:

Overdue balances	2015	2014
Up to 90 days	9,345,804	5,306,230
From 90 to 180 days	486,803	907,448
More than 180 days	60,458	1,341,507
	9,893,065	7,555,185

(c) Liquidity risk

Liquidity risk can occur if the funding sources, such as operating cash flow, divestment, credit lines and cash flows obtained from financing operations do not meet the financing needs, such as cash payments for operations and financing, investments, shareholder remuneration and repayment of debt.

In order to mitigate this risk, the Group endeavours to maintain a liquid position and average debt maturities that enable it to repay debt on adequate terms. At 31 December 2015 and 2014 cash and cash equivalents and the unused amount of the commercial paper program and credit lines totalled 29,398,356 Euros and 25,995,587 Euros, respectively.

The Company believes that these amounts, together with the operating cash flow and the Company's ability to renew the credit lines available, namely commercial paper, are sufficient to cover its short term financial liabilities.

Financial liabilities at 31 December 2015 and 2014 mature as follows:

<u>Financial liabilities</u>	2015			Total
	Up to 1 year	1 to 2 years	+ 2 years	
<u>Remunerated:</u>				
Borrowings	5,571,858	18,158,243	94,038,285	117,768,386
<u>Not remunerated:</u>				
Current tax liability	29,701	-	-	29,701
Other current liabilities	23,745,071	-	-	23,745,071
Trade and other payables	38,746,106	-	-	38,746,106
	<u>68,092,736</u>	<u>18,158,243</u>	<u>94,038,285</u>	<u>180,289,264</u>
<u>Financial liabilities</u>	2014			Total
	Up to 1 year	1 to 2 years	+ 2 years	
<u>Remunerated:</u>				
Borrowings	15,062,628	6,419,751	97,236,461	118,718,840
Other current liabilities (Factoring)				
<u>Not remunerated:</u>				
Current tax liability	53,064	-	-	53,064
Other current liabilities	23,228,518	-	-	23,228,518
Trade and other payables	42,483,114	-	-	42,483,114
	<u>80,827,324</u>	<u>6,419,751</u>	<u>97,236,461</u>	<u>184,483,536</u>

40. THE STATUTORY AUDITOR'S FEES

The statutory auditor's fees invoiced for the year ended 31 December 2015 amounted to 426,710 Euros and are made up as follows:

Nature of the services	2015
Legal audit of the accounts (a)	283,210
Tax consultancy	100,000
Audit of the internal control	17,500
Other non-attest services	26,000
	<u>426,710</u>

- (a) This item includes the amount of 15,710 Euros invoiced by other entities of the Statutory Auditor's Network, relating to audit work of the Group companies with head office in Spain.

41. NOTE ADDED FOR TRANSLATION

The accompanying consolidated financial statements are a translation of consolidated financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT

THE BOARD OF DIRECTORS



Individual Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of statements of financial position originally issued in Portuguese - Note 26)

ASSETS	Notes	2015	2014
NON-CURRENT ASSETS:			
Intangible assets	9	17,889	49,406
Tangible fixed assets	10	32,096	41,442
Investments in subsidiaries	11	174,413,138	174,413,138
		<u>174,463,123</u>	<u>174,503,986</u>
CURRENT ASSETS:			
Trade and other receivables	12	624,961	677,868
Other current assets	13	78,816,795	83,015,526
Cash and cash equivalents	14	37,085	30,313
		<u>79,478,841</u>	<u>83,723,707</u>
TOTAL ASSETS		<u><u>253,941,964</u></u>	<u><u>258,227,693</u></u>
EQUITY AND LIABILITIES			
EQUITY:			
Capital	15	89,583,971	89,583,971
Reserves	15	47,455,189	50,348,121
Retained earnings	15	23,535,520	23,535,520
Net profit for the year		15,470,019	12,927,935
Total equity		<u>176,044,699</u>	<u>176,395,547</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	16	74,608,240	74,370,990
CURRENT LIABILITIES:			
Borrowings	16	1,205,206	1,296,049
Trade and other payables	17	1,135,270	4,430,406
Other current liabilities	18	948,549	1,734,701
		<u>3,289,025</u>	<u>7,461,156</u>
Total liabilities		<u>77,897,265</u>	<u>81,832,146</u>
TOTAL EQUITY AND LIABILITIES		<u><u>253,941,964</u></u>	<u><u>258,227,693</u></u>

The accompanying notes form an integral part of the statement of financial position as of 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts stated in Euros)

(Translation of statements of comprehensive income
originally issued in Portuguese - Note 26)

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>OPERATING REVENUE:</u>			
Services rendered	4 and 20	5,617,139	5,511,471
Other operating revenue	4 and 20	275,599	287,185
Total operating revenue		<u>5,892,738</u>	<u>5,798,656</u>
<u>OPERATING COSTS:</u>			
Supplies and services	5	(3,500,847)	(3,035,036)
Personnel costs	6	(2,340,959)	(2,842,513)
Amortization and depreciation	10	(45,344)	(39,894)
Other operating expenses		(50,034)	(36,140)
Total operating cost		<u>(5,937,184)</u>	<u>(5,953,583)</u>
Operating loss		<u>(44,446)</u>	<u>(154,927)</u>
<u>NET FINANCIAL ITEMS:</u>			
Financial expense	7	(3,457,323)	(1,730,759)
Financial income	7	3,478,523	1,890,276
		21,200	159,517
Gain on subsidiaries	11	15,418,240	12,682,857
Profit before tax		<u>15,439,440</u>	<u>12,842,374</u>
		15,394,994	12,687,447
Income tax	8	75,025	240,488
Net profit for the year		<u>15,470,019</u>	<u>12,927,935</u>
Comprehensive income for the year		<u>15,470,019</u>	<u>12,927,935</u>

The accompanying notes form an integral part of the statement of comprehensive income
for the year ended 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 26)

	Notes	2015	2014
<u>OPERATING ACTIVITIES:</u>			
Cash receipts from customers		7,663,216	8,434,481
Cash paid to suppliers		(8,111,741)	(3,564,951)
Cash paid to employees		(2,499,157)	(2,455,516)
Flows (used in)/generated by operations		<u>(2,947,682)</u>	<u>2,414,014</u>
Payments relating to income tax		(27,429)	(1,567,215)
Other receipts /(payments) relating to extraordinary activities		<u>(1,097,630)</u>	<u>3,283,896</u>
Net cash (used in)/from operating activities (1)		<u><u>(4,072,741)</u></u>	<u><u>4,130,695</u></u>
<u>INVESTING ACTIVITIES:</u>			
Cash received relating to:			
Interest and similar income		1,865,466	96,070
Dividends	11	15,418,240	12,682,857
Repayment of loans to participated companies	20	<u>25,118,000</u>	<u>3,408,500</u>
		<u>42,401,706</u>	<u>16,187,427</u>
Cash paid relating to:			
Loans to participated companies	20	(19,209,000)	(84,467,030)
Acquisition of tangible fixed assets		<u>(37,289)</u>	<u>(1,352)</u>
		<u>(19,246,289)</u>	<u>(84,468,382)</u>
Net cash from/(used in) investing activities (2)		<u><u>23,155,417</u></u>	<u><u>(68,280,955)</u></u>
<u>FINANCING ACTIVITIES:</u>			
Cash received relating to:			
Borrowings	16	-	75,000,000
Borrowings from the parent company	20	4,901,000	4,200,202
Interest and similar income		901	6,879
		<u>4,901,901</u>	<u>79,207,081</u>
Cash paid relating to:			
Repayment of borrowings from the parent company	20	(4,901,000)	(4,213,202)
Dividends paid	15	(15,820,867)	(9,803,529)
Interest and similar costs		<u>(3,255,938)</u>	<u>(1,077,966)</u>
		<u>(23,977,805)</u>	<u>(15,094,697)</u>
Net cash (used in)/from used in financing activities (3)		<u><u>(19,075,904)</u></u>	<u><u>64,112,384</u></u>
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		6,772	(37,876)
Cash and cash equivalents at the beginning of the year	14	30,313	68,189
Cash and cash equivalents at the end of the year	14	37,085	30,313

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

Individual Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Amounts expressed in Euros)

(Translation of statements of changes in equity originally issued in Portuguese - Note 26)

	<u>Capital (Note 15)</u>	<u>Reserves (Note 15)</u>	<u>Retained earnings (Note 15)</u>	<u>Net profit for the year</u>	<u>Total equity</u>
Balance at 31 December 2013	89,583,971	47,527,104	23,535,520	12,624,546	173,271,141
Appropriation of net profit for the year:					
Transfer to reserves (Note 15)	-	2,821,017	-	(2,821,017)	-
Distribution of dividends (Note 15)	-	-	-	(9,803,529)	(9,803,529)
Net profit for the year	-	-	-	12,927,935	12,927,935
Balance at 31 December 2014	<u>89,583,971</u>	<u>50,348,121</u>	<u>23,535,520</u>	<u>12,927,935</u>	<u>176,395,547</u>
Appropriation of net profit for the year:					
Transfer to reserves (Note 15)	-	646,397	-	(646,397)	-
Distribution of dividends (Note 15)	-	(3,539,329)	-	(12,281,538)	(15,820,867)
	-	-	-	15,470,019	15,470,019
Balance at 31 December 2015	<u><u>89,583,971</u></u>	<u><u>47,455,189</u></u>	<u><u>23,535,520</u></u>	<u><u>15,470,019</u></u>	<u><u>176,044,699</u></u>

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2015.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

ANNEX

1. INTRODUCTORY NOTE

Grupo Media Capital, SGPS, S.A. (“the Company”) was founded in 1992, its principal activity being to manage participations in other companies as an indirect form of exercising economic activity. The Company’s head office is in Portugal in Rua Mário Castelhana, nº 40, Barcarena, it is registered in Commercial Registry Office of Cascais under corporate entity number 502 816 481 and, through its subsidiary and associated companies (“the Group” or “Grupo Media Capital”), it operates in the sectors of broadcasting and production of television programs and other media business, the realisation, production and broadcasting of radio programs and the production and exploitation of the cinema and video sectors.

The Company’s main shareholder is Vertix, SGPS, S.A. (“VERTIX”), which has its head office in Barcarena, the financial statements of the Group being included in the consolidated financial statements of Promotora de Informaciones, S.A. (“Prisa”), the parent company of VERTIX, the shares of which are listed in Spain.

The accompanying financial statements were approved by the Board of Directors on 18 February 2016 and will be subject to approval by the Shareholders’ General Meeting on a date to be convened.

The Company’s shares are listed on the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. stock exchange.

2. MAIN ACCOUNTING POLICIES

2.18 Bases of presentation

The financial statements were prepared on a going concern basis, under which assets must be realized and liabilities settled in the normal course of business, based on the Company’s accounting records.

These non-consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), as endorsed by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), for approval and publication under the terms of current legislation. As required under IFRS, investments are recorded at cost. Consequently, the accompanying financial statements do not include the effect of the consolidation of assets, liabilities, revenue and costs, which will be done in consolidated financial statements to be approved and published separately. The effect of such a consolidation is to increase assets, liabilities, operating revenue and net profit by 74,058,625 Euros, 114,069,240 Euros, 168,493,498 Euros and 1,829,996 Euros, respectively and decrease equity by 40.010,615 Euros.

2.19 Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets are only recognized when it is probable that they will bring future financial benefits, they are controllable and their value can be reasonably determined.

Amortization of intangible assets with defined useful lives, which correspond to computer programs, is calculated on a straight-line basis as from when they are available for use, over the estimated period of useful life in which the intangible assets generate future financial benefits, which is three years.

2.20 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes the purchase price plus any costs necessary to place the asset in the location and in condition necessary to work.

Tangible fixed assets are depreciated as from the time the assets are available for use. The cost of such assets, less their residual value, where this can be estimated, is depreciated on a straight-line basis over their estimated useful lives.

The depreciation rates used correspond to the following average periods of useful life:

	<u>Years</u>
Buildings and other constructions	10
Administrative equipment	4
Other tangible fixed assets	3 - 10

2.21 Classification in the statement of financial position

Assets realisable and liabilities which the Company does not have the unconditional right to defer payment for more than twelve months from the date of the statement of financial position, that are expected to be realised in the normal course of operations, or held with the intention of being traded, are classified as current assets and liabilities, respectively. All other assets and liabilities are classified as non-current.

2.22 Investments in subsidiaries

Equity investments in subsidiaries are recorded at cost less, where applicable, impairment losses.

Dividends received from subsidiaries are recorded as financial income when they are attributed.

2.23 Financial instruments

2.6.1 Trade and other receivables and other current assets

Trade receivables and other current assets are recognized at amortized cost, using the effective interest rate method, less possible impairment losses. Impairment losses are recognized when there is objective evidence that all the amounts due will not be collected in accordance with the terms originally established to settle the receivables. The amount of the loss corresponds to the difference between book value and the estimated amount recoverable, the loss being recognized in the statement of profit and loss for the year.

2.6.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits and other treasury applications that are readily convertible to cash with an insignificant risk of change in value.

2.6.3 Trade and other payables and other current liabilities

Accounts payable are recognized at amortized cost calculated in accordance with the effective interest rate method.

2.6.4 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. In subsequent periods borrowings are recorded at amortized cost, any difference between the amount received (net of transaction costs) and the amount payable is recognized in the statement of profit and loss over the period of the borrowings, using the effective interest rate method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer payment of the liability for more than twelve months as from the date of the statement of financial position.

2.24 Impairment of non-current assets

Impairment tests are made at each statement of financial position date and whenever an event or change in circumstances is noted that indicates that the book value of an asset is not recoverable.

Whenever the book value of an asset exceeds its recoverable value an impairment loss is recognized as an operating cost for the year in the statement of profit and loss.

The amount recoverable is the higher of the net selling price and value in use. The net selling price is the amount that would be obtained from selling the asset in a transaction between independent knowledgeable parties, less costs directly attributable to the sale. Value in use is the present value of the estimated future cash flows resulting from continued use of the asset and its sale at the end of its useful life. The recoverable amount is estimated for each asset individually or, where this is not possible, for the cash generating unit to which the asset belongs.

2.25 Income tax

Income tax for the year consists of current tax and deferred tax.

The Company is covered by the special regime for the Taxation of Groups of Companies, which covers all the companies in which Vertix, the Company's parent company has a direct or indirect participation of at least 75% and have the necessary conditions to be included in this regime. Such conditions include being resident in Portugal and being subject to the general corporation income tax regime, as well as the existence or not of tax losses carried forward from periods prior to inclusion in the regime.

Deferred taxes are calculated based on temporary differences between the amount of assets and liabilities for accounting and for tax purposes and tax losses carried forward. Deferred tax assets and liabilities are calculated and assessed periodically at the tax rates in force or announced to be in force on the dates the timing differences are expected to reverse.

Deferred tax assets are only recognized when there is a high degree of probability that there will be sufficient future taxable profits to use them or in situations in which there are taxable timing differences that offset deductible timing differences in the period they reverse. At each statement of financial position date a review is made of such deferred taxes, these being reduced whenever their future use is no longer probable.

Deferred taxes are recorded as cost or income for the year, except when they result from amounts recorded directly in equity, in which case the deferred taxes are also recognized in equity.

2.26 Revenue and accruals basis

Revenue from services rendered corresponds essentially to management services and is recognized in the statement of profit and loss when the services are rendered.

Costs and revenue are recognized in the period to which they relate, regardless of the date they are paid or received. The amount of costs and revenue is estimated where the actual amount is unknown.

2.27 Subsequent events

Events occurring after the statement of financial position date that provide additional information on conditions that existed on that date, are reflected in the financial statements. Events occurring after the statement of financial position date that provide additional information on the conditions that existed after that date, if material and result in a material effect on the financial statements, are disclosed in the notes to the financial statements.

3. CHANGES IN ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND CORRECTIONS OF FUNDAMENTAL ERRORS

Except for the effect of the adoption of the new standards and interpretations or of the changes that came into effect in years starting on 1 January 2015, there were no changes in accounting policies in relation to those used to prepare the financial information for 2014, in accordance with the requirements of IFRS, and no significant prior year errors were recognized.

The following standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the first time in the year ended 31 December 2015:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
IFRIC 21 – Payments to the State	17-Jun-14	This amendment establishes the conditions as to timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange.
Amendment to IFRS 3 – Concentration of business activities (included in improvements to international financial statement standards – 2011-2013 cycle)	1-Jan-15	Clarifies that IFRS 3 excludes from its scope of application the realization of a joint agreement on the financial statements of the joint agreement itself.
Amendment to IFRS 13 – Measurement at fair value (included in improvements to international financial statement standards – 2011-2013 cycle)	1-Jan-15	Clarifies that the exception of the application of the standard to financial assets and liabilities with offsetting positions extends to all contracts under IAS 39, independently of their compliance with the definition of financial asset or liability of IAS 32.

Amendment to IAS 40 – Investment properties (included in improvements to international financial statement standards – 2011-2013 cycle) 1-Jan-15

Clarifies that it is necessary to apply value judgement to determine if the acquisition of an investment property is the acquisition of an asset or the concentration of business activities covered by IFRS 3.

The effect of adopting the above standards, interpretations and amendments on the Group's consolidated financial statements for the year ended 31 December 2015 was not significant.

In preparing the consolidated financial statements the Board of Directors based itself on its knowledge and experience of past and/or current events and on assumptions relating to future events for determining accounting estimates.

The most significant accounting estimate reflected in the consolidated financial statements as of 31 December 2015 includes the analysis of impairment of investments in subsidiaries when there are indications that these could exist.

That estimate was made based in the best information available at the time of preparing the financial statements. However, events can occur in subsequent periods which, due to their unpredictability, were not considered in that estimate. Significant changes to that estimate, occurring after the date the financial statements were prepared, are reflected in the statement of profit and loss on a prospective basis, as defined in IAS 8.

The following standards, amendments and revisions with mandatory application in future years were endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	
Amendment to IAS 19 – Employee benefits – Employee contribution	1-Feb-15	Clarifies under which circumstances employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits.
Improvements to international financial statement standards (2010-2012 cycle)	1-Feb-15	These improvements involve the clarification of some aspects relating to: IFRS 2 – Share based payments: definition of the vesting condition; IFRS 3 – Concentration of business activities: recording of contingent payments; IFRS 8 – Operating segments: disclosures relating to the aggregation of segments and clarification of the need to reconcile total assets by segment with the amount of the assets in the financial statements; IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets: need to proportionately revalue accumulated amortization in the case of the revaluation of fixed assets; and IAS 24 – Disclosure of related parties: defines that an entity that renders management services to the Company or its parent company is considered a related party; and IFRS 13 – Fair value: clarification relating to the measurement of short term receivables or payables.

Improvements to international financial statement standards (2012-2014 cycle) 1-Jan-16

These improvements involve the clarification of some aspects relating to: IFRS 5 – Non-current assets held for sale and discontinued operating units: introduces guidelines on how to proceed in the case of changes as to the expected realization method (sale or distribution to the shareholders); IFRS 7 – Financial instruments: disclosures: clarifies the impact of asset monitoring contracts under the disclosures relating to continued involvement of derecognized investments, and exempts the interim financial statements from the disclosures required relating to the compensation of financial assets and liabilities; IAS 19 – Employee benefits: defines that the rate to be used to discount defined benefits must be determined by reference to high quality bonds of companies issued in the currency that the benefits will be paid; and IAS 34 – Interim financial statements: clarification on the procedures to be used when the information is available in other documents issued together with the interim financial statements.

Amendment to IAS 1 – Presentation of Financial Statements - “Disclosure initiative” 1-Jan-16

This amendment clarifies some aspects relating to disclosure initiatives, namely: (i) the entity must not make it difficult to understand the financial statements by the aggregation of significant items with insignificant items or the aggregation of significant items of different nature; (ii) the disclosures specifically required by the IFRS need only to be provided if the information in question is significant; (iii) the lines in the financial statements specified by IAS 1 can be aggregated or segregated in accordance with what is significant in relation to the objectives of the financial statement; (iv) the part of other recognized income resulting from the application of the equity method in associates and joint agreements must be presented separately from the remaining elements of other recognized income, also segregating the items that can be reclassified to the statement of profit and loss from those that will not be reclassified; (v) the structure of the notes must be flexible, and should follow the following order:

- a declaration of compliance with the IFRS's in the first section of the notes;

- a description of the significant accounting policies in the second section;
- supporting information for the items on the financial statements in the third section; and
- other information in the fourth section.

Amendment to IAS 16 – Tangible fixed assets and IAS 38 – Intangible assets – Acceptable depreciation and amortization methods 1-Jan-16

This amendment establishes the presumption (that can be refuted) that income is not an appropriate basis for amortizing an intangible asset and forbids the use of income as a basis for depreciating tangible fixed assets. The presumption established for amortizing intangible assets can only be refuted when the intangible asset is expressed based on the income generated or when utilization of the financial benefits is significantly related to the income generated.

Amendment to IAS 16 – Tangible fixed assets and IAS 41 – Agriculture – Production plants 1-Jan-16

This amendment excludes plants that produce fruits or other components used for harvesting and/or removal under the application of IAS 41, becoming covered by IAS 16.

Amendment to IAS 27 – Application of the equity method on separate financial statements 1-Jan-16

This amendment introduces the possibility of measuring interests in subsidiaries, joint agreements and associates in separate financial statements in accordance with the equity method, in addition to the measurement methods presently existing. This change applies retrospectively.

In addition, the following standards, amendments and revisions applicable to future years have not been endorsed by the European Union up to the date of approval of these financial statements:

Standard / Interpretation

IFRS 9 – Financial Instruments (2009) and subsequent amendments

This standard is part of the revision of IAS 39 and establishes the new requirements for the classification and measurement of financial assets and liabilities to the methodology for the calculation of impairment and for the application of hedge accounting rules. This standard is of mandatory application for years beginning on or after 1 January 2018;

IFRS 14 – Regulated assets

This standard establishes the financial statement requirements of entities that adopt for the first time IFRS standards applicable to regulated assets;

IFRS 15 – Revenue from Client Contracts

This standard introduces a structure for recognizing revenue based on principles and a model to be applied to all contracts entered into with clients, substituting IAS 18 – Revenue, IAS 11 – Construction contracts; IFRIC 13 – Fidelity programs; IFRIC 15 – Agreements to construct real estate; IFRIC 18 – Transfer of assets from clients and SIC 31 – Revenue – Direct exchange contracts involving services and publicity. This standard is of mandatory application for years beginning on or after 1 January 2018;

IFRS 16 – Leases

This standard introduced the principles for the recognition and measurement of leases, substituting IAS 17 – Leases. The standard defines a single model for recording lease contracts, which results in the recognition by the lessor of assets and liabilities for all lease contracts, except for those for periods of less than twelve months or for leases of assets of reduced value. Lessors will continue to classify leases between operating and finance leases, IFRS 16 not requiring substantial changes for such entities in relation to IAS 17.

Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosures Relating to Participations in Other Entities and IAS 28 – Investments in Associates and Jointly Controlled Entities

These amendments clarify several aspects relating to the application of the consolidation exception by investment entities.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Jointly Controlled Entities

These amendments eliminate the conflict existing between these standards, relating to the sale or the contribution of assets between the investor and the associate or between the investor and the jointly controlled entity.

These standards have not yet been endorsed by the European Union and so have not been applied by the Company in the year ended 31 December 2015.

At 31 December 2015 the Company was in the process of evaluating the impact resulting from the new standards.

4. OPERATING REVENUE

Operating revenue for 2015 and 2014 consists essentially of management services rendered to Group companies (Note 20).

Individual Accounts

5. SUPPLIES AND SERVICES

Supplies and services for the years ended 31 December 2015 and 2014 are made up as follows:

	<u>2015</u>	<u>2014</u>
Specialized services rendered by related parties (Note 20)	2,439,663	2,053,948
Specialized services	559,593	585,625
Rent and lease	171,336	177,485
Travel and lodging	71,377	51,998
Insurance	49,342	53,246
Representation expenses	25,735	43,725
Others	183,801	69,009
	<u>3,500,847</u>	<u>3,035,036</u>

6. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2015 and 2014 are made up as follows:

	<u>2015</u>	<u>2014</u>
Remuneration	1,807,228	2,025,034
Charges on remuneration	300,970	308,715
Performance bonus	94,089	277,357
Labour accident insurance and related costs	27,041	18,252
Labour termination indemnities	-	120,000
Other	111,631	93,155
	<u>2,340,959</u>	<u>2,842,513</u>

The average number of employees of the Company in the years ended 31 December 2015 and 2014 was 24 and 23, respectively.

7. NET FINANCIAL ITEMS

Net financial items for the years ended 31 December 2015 and 2014 are made up as follows:

	<u>2015</u>	<u>2014</u>
<u>Financial cost:</u>		
Interest cost (a)	3,457,323	1,686,477
Other	-	44,282
	<u>3,457,323</u>	<u>1,730,759</u>
<u>Financial income:</u>		
Interest obtained from related parties (Note 20)	3,477,622	1,865,466
Other	901	24,810
	<u>3,478,523</u>	<u>1,890,276</u>
	<u>21,200</u>	<u>159,517</u>

- (b) Interest incurred in 2015 and 2014 relates to bonds issued on 14 July 2014 (Note 16). Interest relating to related entities for the years ended 31 December 2015 and 2014 amounted to 79,472 Euros and 26,942 Euros, respectively (Note 20).

8. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Company is subject to corporation income tax at the normal rate of 21% in accordance with article 87 of the Corporation Income Tax Code, which can be increased by a Municipal Surcharge of up to a maximum of 1.5% of taxable income, resulting in a total maximum rate of 22.5%. In addition, taxable profit for 2015 exceeding 1,500,000 Euros is subject to a State Surcharge in accordance with article 87-A of the Corporation Income Tax Code at the following rates:

- 3% for taxable profit from 1,500,000 Euros to 7,500,000 Euros;
- 5% for taxable profit from 7,500,000 Euros to 35,000,000 Euros;
- 7% for taxable profit exceeding 35,000,000 Euros.

In addition, net financial costs for 2015 and following years are deductible for determining annual taxable income of each company progressively up to 2017 at the greater of the following limits:

- 1,000,000 Euros;
- 30% of the profit before amortization and depreciation, net financial costs and taxes.

In accordance with article 88 of the Corporation Income Tax Code the Company is subject to autonomous taxation of certain charges at the rates established in the article.

The Company estimates income tax in accordance with the Special Regime for the Taxation of Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - "RETGS"), which has VERTIX as its head.

In accordance with current legislation tax losses generated after 1 January 2014 can be carried forward during a period of twelve years, limited to 70% of the Group's taxable profit determined in accordance with the special regime for the taxation of groups of companies (six years for losses prior to 2010, four years for losses incurred between 2010 and 2011 and five years, limited to 75% of taxable profit of the Group, for losses generated in 2012 and 2013). At 31 December 2015 the Company did not have any tax losses carried forward.

In accordance with current Portuguese legislation, tax returns are subject to review and correction by the tax authorities during a period of four years (five years for Social Security), except when there are tax losses, tax benefits have been granted, tax inspections are in progress or there are claims or appeals, in which case the period can be extended or suspended, depending on the circumstances. Consequently, the Company's tax returns for the years from 2012 to 2015 are still subject to review and correction. The Board of Directors believes that any corrections to the tax returns that might result from reviews carried out by the tax authorities will not have a significant effect on the financial statements.

Individual Accounts

Reconciliation of the tax rate for the years ended 31 December 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Profit before tax	15,394,994	12,687,447
Nominal income tax rate	21.0%	23.00%
Estimated tax charge	<u>3,232,949</u>	<u>2,918,113</u>
Permanent differences (i)	(3,238,234)	(2,916,257)
Adjustment to income tax due (ii)	111,070	81,045
Excess estimated corporate income tax of prior years	<u>(180,810)</u>	<u>(323,389)</u>
	<u>(75,025)</u>	<u>(240,488)</u>
Current tax	<u>(75,025)</u>	<u>(240,488)</u>
Effective tax rate	<u>-0.49%</u>	<u>-1.90%</u>

(i) These amounts for the years ended 31 December 2015 and 2014 are made up as follows:

	<u>2015</u>	<u>2014</u>
Dividends attributed (Note 11)	(15,418,240)	(12,682,857)
Others, net	<u>(1,920)</u>	<u>3,480</u>
	<u>(15,420,160)</u>	<u>(12,679,377)</u>
	21.0%	23.0%
	<u>(3,238,234)</u>	<u>(2,916,257)</u>

(ii) This amount represents autonomous taxation of certain expenses.

The amounts of the Company's current income tax for the years ended 31 December 2015 and 2014 were recorded as accounts payable to Vertex.

9. INTANGIBLE ASSETS

Intangible assets at 31 December 2015 and 2014 amounted to 17,889 Euros and 49,406 Euros, respectively, and corresponded entirely to computer programs.

Amortization for the years ended 31 December 2015 and 2014 amounted to 31,517 Euros and 24,977 Euros, respectively (Note 10).

Individual Accounts

10. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2015 and 2014 were as follows:

	Buildings and other constructions	Administrative equipment	Other tangible fixed assets	Total
<u>Gross:</u>				
Balance at 31 December 2013	74,850	138,665	861,917	1,075,432
Acquisitions	-	3,850	-	3,850
Sales and write-offs	-	(835)	-	(835)
Balance at 31 December 2014	74,850	141,680	861,917	1,078,447
Acquisitions	-	4,481	-	4,481
Sales and write-offs	-	(2,227)	-	(2,227)
Balance at 31 December 2015	74,850	143,934	861,917	1,080,701
<u>Accumulated depreciation and impairment losses:</u>				
Balance at 31 December 2013	39,296	122,658	860,969	1,022,923
Increase	7,485	7,294	138	14,917
Sales and write-offs	-	(835)	-	(835)
Balance at 31 December 2014	46,781	129,117	861,107	1,037,005
Increase	7,485	6,204	138	13,827
Sales and write-offs	-	(2,227)	-	(2,227)
Balance at 31 December 2015	54,266	133,094	861,245	1,048,605
Net amount at 31 December 2014	28,069	12,563	810	41,442
Net amount at 31 December 2015	20,584	10,840	672	32,096

Amortization and depreciation recognized in the statement of profit and loss for the years ended 31 December 2015 and 2014 were as follows:

	2015	2014
Tangible fixed assets	13,827	14,917
Intangible assets (Note 9)	31,517	24,977
	45,344	39,894

11. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries at 31 December 2015 and 2014 correspond to the investment in Meglo - Media Global, S.G.P.S., S.A. ("Meglo"), the head office, assets, equity, total income and net profit for the year of which were as follows:

		2015					
Company	Head office	Assets	Equity	Total revenue	Net profit for the year	Participation percentage	Book value
Meglo	Barcarena	223,733,332	69,030,677	16,988,940	17,261,995	100%	174,413,138

		2014					
Company	Head office	Assets	Equity	Total revenue	Net profit for the year	Participation percentage	Book value
Meglo	Barcarena	230,293,567	67,483,501	15,712,220	16,229,727	100%	174,413,138

In the years ended 31 December 2015 and 2014 Meglo - Media Global, SGPS, S.A. ("Meglo") distributed dividends of 15,418,240 Euros and 12,682,857 Euros, respectively, as decided by the Shareholders' General Meetings held on 23 February 2015 and 19 February 2014, respectively. These amounts were recorded in the statements of comprehensive income caption "Gain on subsidiaries".

For purposes of assessing impairment, the investment was valued by the Board of Directors based on the business plan/financial projections of the cash generating units controlled by the Group.

The assessment was made based on business plans / financial projections of the various operating segments, prepared and approved by management, which cover a five year period.

For this purpose market data obtained from external entities was used, which was compared to internal market intelligence and the Group's past experience, complemented by the estimated market effect of the business strategies adopted for each cash generating unit. Following are some of the main variables considered:

- Evolution of investment in publicity in the main markets in which the Group operates;
- Audience share;
- Market share;
- Operating costs;
- Synergies and rationalization of production costs.

The main information on the activities and assumptions considered for the operating segments identified for purposes on the impairment tests was as follows:

Television:

Television operations, with the broadcasting of television programs through a general channel, TVI, and under distribution contracts signed with operators broadcasting TVI 24, TVI Ficção, TVI Internacional, TVI África and TVI Reality.

The main assumptions relating to the operations considered in the projections were as follows:

- Moderate recovery of publicity income in 2016 and gradual increase, in 2020 reaching amounts still below those for 2011;
- Contained increase in other income relating to the diversification of the activities of the various channels, including signal rights;
- Maintenance of a cost containment policy, in accordance with that which is already in force.

Audiovisual production in Portugal:

Production of contents, various activities in support of the television channels, through Plural which is responsible for audiovisual creation, realization and production, as well as the exploitation of technical means and the preparation of scenarios.

The main operating assumptions considered in the projections were as follows:

- Maintenance of the cost containment policy in accordance with that which is already in force;
- Greater concentration on internal production of national contents;
- Continued growth of the business of leasing technical means and production of events, increasing its presence in other markets.

Audiovisual production in Spain:

Operations in the Spanish and Latin American markets relating to the production of audiovisual contents, production support services, realization and exploitation of television contents, cinema and audiovisual works, as well as other related services for these markets.

The main operating assumptions considered in the projections were as follows:

- Increase in the production of entertainment and fiction programs and benefiting from opportunities to promote the leasing of the Group's technical means;
- Decrease in the fixed costs structure, so as to adjust it to the market fluctuations.

Entertainment:

Operations include the music business, production of videograms, phonograms, audiovisual and multimedia production, the purchase and sale of records and equivalent items, the production of events and agency of artists.

The main operating assumptions considered in the projections were as follows:

- Decrease in the physical sale of CD's due to the tendency to migrate to the digital area;
- Decrease in the structure of fixed costs to adapt them to the market;
- Focus on improving the profitability and volume indicators through the realization of events.

Radio:

Radio operations, with sound broadcasting of radio programs in Portugal by the following radio stations: "Rádio Comercial", "m80", "Cidade" and "Smooth FM".

The main operating assumptions considered in the projections were as follows:

- Increase in the contents of Rádio Comercial and the other radio stations so as to maintain the leadership position achieved in 2012 and maintained/strengthened in subsequent years;
- Stabilization of audiences;
- Continuation of the cost control strategy.

Digital:

Digital operations supported by the portal www.iol.pt, which has a vast network of own contents, an extensive online directory of classified and publicity information, responsible for the majority of the Group's sites, as well as the production of mobile contents. They also include the rendering of internet and multimedia services to companies outside the Group.

The main operating assumptions considered in the projections were as follows:

- Improvement of the publicity market;
- Regular launching of new projects such as apps and other mobile services;
- Maintenance of variable and fixed operating costs control.

The discounted cash flow method was used, cash flow projections having been prepared for five years and a perpetuity considered after that. The nominal growth rate used for the perpetuity was 2.5% (2.5% in 2014). The discount rate used for all the cash generating units, excluding Spain, was 9.6% (9.9% in 2014), as it was considered that they all operate directly or indirectly in the media market, the commercial activity, the clients and the publicity market being seen transversally by the Group. In the case of Plural España the discount rate used was 9.1% (9.4% in 2014). A different rate was used in this case in relation to the other cash generating units due to the lower country risk of Spain.

The annual compound growth rate of the operating segments under review for the period of the projections (using 2014 as the base) was 8.1% for EBITDA and -4.9% for investment (Capex). The Company believes that the estimates are reasonable, considering the abnormally penalizing market for the years up to close to the end of 2014 both as regards the initiatives in progress in terms of organic growth and implemented decrease in operating costs.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the impairment tests would not result in a significant impairment of investments in subsidiaries, considering a 0.5% variation in the nominal growth rate used in the perpetuity or the discount rate.

12. TRADE AND OTHER RECEIVABLES

This caption was made up as follows at 31 December 2015 and 2014:

	2015			2014		
	Gross	Accumulated impairment loss	Net	Gross	Accumulated impairment loss	Net
Trade receivables	2,674	(2,073)	601	8,258	(4,000)	4,258
Receivables from related parties (Note 20)	624,360	-	624,360	673,610	-	673,610
	<u>627,034</u>	<u>(2,073)</u>	<u>624,961</u>	<u>681,868</u>	<u>(4,000)</u>	<u>677,868</u>

Individual Accounts

13. OTHER CURRENT ASSETS

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Receivables of related parties (Note 20)	78,789,386	83,002,081
Others	<u>27,409</u>	<u>13,445</u>
	<u><u>78,816,795</u></u>	<u><u>83,015,526</u></u>

14. CASH AND CASH EQUIVALENTS

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Bank deposits repayable on demand	34,510	25,738
Cash	<u>2,575</u>	<u>4,575</u>
	<u><u>37,085</u></u>	<u><u>30,313</u></u>

15. EQUITY

The Company's fully subscribed for and paid up capital at 31 December 2015 and 2014 was made up of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2015 and 2014 MEDIA CAPITAL's capital was held by the following shareholders:

	<u>2015</u>		<u>2014</u>	
	<u>Shares</u>	<u>Percentage</u>	<u>Shares</u>	<u>Percentage</u>
VERTIX	80,027,607	94.69	80,027,607	94.69
Others, less than 10% of capital	<u>4,485,573</u>	<u>5.31</u>	<u>4,485,573</u>	<u>5.31</u>
	<u><u>84,513,180</u></u>	<u><u>100.00</u></u>	<u><u>84,513,180</u></u>	<u><u>100.00</u></u>

At 31 December 2015 and 2014 the caption "Reserves" was made up as follows:

	<u>2015</u>	<u>2014</u>
Free reserves	41,772,556	45,311,885
Legal reserve	<u>5,682,633</u>	<u>5,036,236</u>
	<u><u>47,455,189</u></u>	<u><u>50,348,121</u></u>

Individual Accounts

In accordance with current legislation the Company must transfer at least 5% of its annual net profit to a legal reserve until the reserve reaches at least 20% of share capital. The reserve cannot be distributed, except upon liquidation of the company, but may be used to absorb losses after all the other reserves have been used up or to increase capital.

Retained earnings at 31 December 2015 and 2014 amounted to 23,535,520 Euros, which corresponds to freely available profits earned in preceding years.

The Shareholders' Annual General Meetings held on 18 March 2015 and 30 April 2014 approved the appropriation of results for the years ended 31 December 2014 and 2013 as follows:

	<u>2015</u>	<u>2014</u>
Free reserves	-	2,189,789
Legal reserve	646,397	631,228
Distribution of dividends	<u>12,281,538</u>	<u>9,803,529</u>
	<u>12,927,935</u>	<u>12,624,546</u>
Dividends per share	0.1872	0.1160

In addition, in accordance with a decision of the Shareholders' General Meeting held on 18 March 2015, it was decided to distribute an additional dividend of 3,539,332 Euros out of free reserves. The total amount of dividends in 2015 was 15,820,867 Euros.

As approved by the Board of Directors on this date and mentioned in the Directors' Report, a proposal was made to distribute dividends of 9,296,500 Euros relating to net profit for 2015, which corresponds to a gross dividend of 0.11 per share.

16. BORROWINGS

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>				<u>2014</u>			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans	<u>1,205,206</u>	<u>74,608,240</u>	<u>-</u>	<u>75,000,000</u>	<u>1,296,049</u>	<u>74,370,990</u>	<u>-</u>	<u>75,000,000</u>

On 14 July 2014 the Company issued 7,500 bonds called Media Capital 2014-2019, for private subscription in the total amount of 75,000,000 Euros for a maximum period of 5 years with an annual interest rate corresponding to the six month Euribor rate plus a spread of 4%.

Individual Accounts

The nominal amount contracted is repayable as follows:

2017	15,000,000
2018	24,750,000
2019	35,250,000
	<u>75,000,000</u>

The contract establishes early repayment in the event of non-compliance with the contractual obligations relating, among others, to ownership of the principal in situations implying loss of control by the Prisa Group and the financial performance of the Group, the performance of the Group and the distribution of results or reserves in excess of the Group's consolidated results for the year preceding the distribution which had not occurred at 31 December 2015. In addition, reasonable changes in the above financial performance, measured based on the relationship between the Group's indebtedness and consolidated EBITDA (which globally consists of the consolidated operating result plus amortization, depreciation, provisions and impairment losses), namely a 5% variation in consolidated EBITDA continues to ensure compliance with the above requirements.

The amount classified as a current liability corresponds essentially to accrued interest payable in 2016.

17. TRADE AND OTHER PAYABLES

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Accounts payable to related parties (Note 20)	828,867	4,231,429
Current suppliers	272,689	158,024
Accrued costs:		
Other supplies and services	29,991	40,098
Others	3,723	855
	<u>1,135,270</u>	<u>4,430,406</u>

18. OTHER CURRENT LIABILITIES

This caption was made up as follows at 31 December 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Accounts payable to related parties (Note 20)	185,031	516,720
Accrued remuneration	552,610	894,178
State and other public entities (Note 19)	210,615	296,321
Suppliers of fixed assets	94	26,000
Others	199	1,482
	<u>948,549</u>	<u>1,734,701</u>

Individual Accounts

19. STATE AND OTHER PUBLIC ENTITIES

This caption was made up as follows at 31 December 2015 and 2014:

	2015	2014
Value Added Tax	92,537	163,282
Social security contributions	49,232	52,729
Personal income tax	68,846	80,310
	<u>210,615</u>	<u>296,321</u>

20. RELATED PARTIES

The balances at 31 December 2015 and 2014 and transactions in the years then ended with related parties (Prisa Group companies) were as follows:

Balances with related companies:

	2015			
	Trade and other receivables (Note 12)	Other current assets (Note 13)	Trade and other payables (Note 17)	Other current liabilities (Note 18)
Top parent company:				
Prisa	-	84,300	463,419	-
Parent company:				
VERTIX	923	-	(1,836)	185,031
	<u>923</u>	<u>84,300</u>	<u>461,583</u>	<u>185,031</u>
Participated companies:				
TVI – Televisão Independente, S.A. ("TVI")	433,829	-	21,290	-
PLURAL	103,551	-	-	-
PLURAL España	67,378	-	4,512	-
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	50,894	-	-	-
MEDIA CAPITAL DIGITAL, S.A. ("DIGITAL")	12,408	-	-	-
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS")	11,797	1,234	325,956	-
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. ("FAROL")	6,596	-	-	-
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	1,264	-	1,169	-
MCP - MÉDIA CAPITAL PRODUÇÕES, S.A. ("MCP")	(64,280)	-	-	-
Meglo	-	78,703,852	14,357	-
	<u>623,437</u>	<u>78,705,086</u>	<u>367,284</u>	<u>-</u>
	<u>624,360</u>	<u>78,789,386</u>	<u>828,867</u>	<u>185,031</u>

Individual Accounts

	2014			
	Trade and other receivables (Note 12)	Other current assets (Note 13)	Trade and other payables (Note 17)	Other current liabilities (Note 18)
Top parent company:				
Prisa	-	-	4,098,299	-
Parent company:				
VERTIX	923	-	-	109,786
	<u>923</u>	<u>-</u>	<u>4,098,299</u>	<u>109,786</u>
Participated companies:				
TVI	418,907	-	22,425	153,141
PLURAL	96,446	-	5,211	214,086
MCP	59,714	-	-	10,505
COMERCIAL	47,302	-	-	15,184
FAROL	13,236	-	-	4,561
MC SERVIÇOS	11,797	1,385	99,169	-
DIGITAL	11,711	-	-	4,289
PLURAL España	10,391	-	4,512	-
IOL Negócios	1,264	-	1,169	5,166
Leirimédia Produções e Publicidade, Lda. ("Leirimédia")	724	-	-	-
Moliceiro - Comunicação Social, S.A. ("Moliceiro")	639	-	-	-
Drums Comunicações Sonoras, S.A. ("Drums")	191	-	-	-
Radio Nacional - Emissões de Radiodifusão, S.A. ("Rádio Nacional")	191	-	-	-
MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT")	149	-	-	-
EMAV – Empresa de Meios Audiovisuais, Lda. ("EMAV")	25	-	-	-
Meglo	-	83,000,696	-	-
	<u>672,687</u>	<u>83,002,081</u>	<u>132,486</u>	<u>406,934</u>
Other companies:				
DTS - Distribuidora de Television Digital, S.A.	-	-	644	-
	<u>673,610</u>	<u>83,002,081</u>	<u>4,231,429</u>	<u>516,720</u>

Accounts receivable recorded in the caption "Trade and other receivables" at 31 December 2015 and 2014 result from management fees invoiced by the Company in its capacity as renderer of services and management of investments.

The decrease in the amounts reflected in the caption "Trade and other payables" results essentially from settlement of the current account with Prisa.

The accounts receivable from Meglo at 31 December 2015 and 2014 result from financial support to the subsidiaries' activities and mature in the short term.

Receipts and payments to related parties at 31 December 2015 in the amounts of 25,118,000 Euros (3,408,500 Euros in 2014) and 19,209,000 Euros (84,467,030 Euros in 2014), respectively, correspond essentially to short term financing granted by the Company to these companies, which bear interest at normal market rates for similar transactions.

In addition, in 2015 receipts and payments of 4,901,000 Euros (4,200,202 Euros in 2014) correspond to short term financing provided by VERTIX which was repaid during the year. This financing bears interest at normal market rates for similar transactions.

21. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

The remuneration for the year ended 31 December 2015 of the key members of the Company was 667,699 Euros (842,428 Euros in 2014).

Remuneration for the year ended 31 December 2015 was divided between fixed remuneration of 447,659 Euros and variable remuneration of 220,040 Euros (612,144 Euros and 230,284 Euros in 2014, respectively).

All the remuneration earned by the key members of the Company and its subsidiaries corresponds to short term benefits. Remuneration of the above mentioned key members is determined by the Company's Remuneration Commission considering the parameters relating to individual performance.

22. FINANCIAL INSTRUMENTS

Financial instruments at 31 December 2015 and 2014 were made up as follows:

	<u>2015</u>	<u>2014</u>
<u>Financial assets:</u>		
Receivables (Notes 12 and 13)	79,441,756	83,693,394
Cash and cash equivalents (Note 14)	37,085	30,313
	<u>79,478,841</u>	<u>83,723,707</u>
<u>Financial liabilities:</u>		
Borrowings (Note 16)	75,813,446	75,667,039
Payables (Notes 17 and 18)	2,083,819	6,165,107
	<u>77,897,265</u>	<u>81,832,146</u>

The Company in carrying out its business is exposed to several financial risks liable to change its net value which, by nature, are as follows:

- Market risk, essentially relating to interest rate risk;
- Credit risk; and
- Liquidity risk

Therefore, management is focused on two fundamental principles:

- Whenever possible decrease profit and cash flow fluctuations subject to risk;
- Limit variations in relation to projected results, through careful financial planning, based on multiannual budgets.

(d) Market risk

Market risk relates to changes in interest rates.

(i) Interest rate

In order to monitor this risk the Group regularly controls the financial autonomy and Net Debt/EBITA ratios, as well as other measures that attest the balance of its indebtedness structure.

Interest rate risk relates essentially to interest cost resulting from the commercial paper program at variable interest rates.

At 31 December 2015 the full amount of the loan contracted was exposed to changes in the market interest rate.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2015 and 2014 net profit for these years would have increased or decreased by approximately 390,000 Euros and 178,000 Euros, respectively.

(e) Credit risk

Credit risk relates essentially to accounts receivable resulting from the Group's operations relating to the management of the amounts invoiced to the various group companies and financing granted. This risk is monitored by the Company on a regular basis with the objective of:

- Ensuring compliance with the defined payments policy;
- Analysing the financial condition of the related parties on a regular basis.

(f) Liquidity risk

Liquidity risk can occur if the funding sources, such as operating cash flow, divestment, credit lines and cash flows obtained from financing operations do not meet the financing needs, such as cash payments for operations and financing, investments, shareholder remuneration and repayment of debt.

In order to mitigate this risk, the Company endeavours to maintain a liquid position and average debt maturities that enable it to repay debt on adequate terms.

23. GUARANTEES GIVEN TO THIRD PARTIES

At 31 December 2015 the Company was guarantor under a bank guarantee of its subsidiary Tesela Producciones Audiovisuales, SLU, in the amount of 551,279 Euros.

In addition, the Company had bank guarantees presented in relation to tax processes in progress in the amount of 742,000 Euros.

24. CONTINGENT LIABILITIES

The Company received additional corporation income tax assessments in 2015, resulting from a tax inspection of the year 2012 in the amount of approximately 585,000 Euros. In 2015, given the nature of the process the Company disagreed with the additional assessment and, based on the opinion of its lawyers, believes that there are solid arguments to contest the position of the tax authorities and so it did not make any provision for them in the financial statements. Given the nature of the processes, the timing of their resolution depends on the various phases that they will undergo.

In addition, in the course of its operations the Company is involved in a legal process in the amount of approximately 53,000 Euros. Based on the opinions of the Company's lawyers no liability has been estimated resulting from the outcome of the process. Given the nature of the process, the timing of its resolution depends on its legal resolution.

25. STATUTORY AUDITOR'S FEES

Fees invoiced by the statutory auditor for the year ended 31 December 2015 amounted to 139,000 Euros made up as follows:

Statutory audit	21,500
Tax consultancy	100,000
Audit of the internal control	17,500
	<u>139,000</u>

26. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA CONTAS CONSOLIDADAS

Introdução

1. Nos termos da legislação aplicável, apresentamos a Certificação Legal das Contas e o Relatório de Auditoria sobre a informação financeira consolidada contida no Relatório de Gestão e sobre as demonstrações financeiras consolidadas anexas do exercício findo em 31 de dezembro de 2015 da Grupo Media Capital, SGPS, S.A. e suas subsidiárias ("Grupo"), as quais compreendem a demonstração consolidada da posição financeira em 31 de dezembro de 2015, que evidencia um total de 328.000.589 Euros e capital próprio de 136.034.084 Euros, incluindo um resultado líquido consolidado de 17.300.015 Euros, as demonstrações consolidadas dos resultados, dos rendimentos integrais, das alterações no capital próprio e dos fluxos de caixa do exercício findo naquela data e o correspondente anexo.

Responsabilidades

2. É da responsabilidade do Conselho de Administração: (i) a preparação de demonstrações financeiras consolidadas que apresentem de forma verdadeira e apropriada a posição financeira do conjunto das empresas incluídas na consolidação, o resultado consolidado das suas operações, os seus rendimentos integrais consolidados, as alterações no seu capital próprio consolidado e os seus fluxos consolidados de caixa; (ii) que a informação financeira histórica seja preparada de acordo com as Normas Internacionais de Relato Financeiro, tal como adotadas pela União Europeia e que seja completa, verdadeira, atual, clara, objetiva e lícita, conforme exigido pelo Código dos Valores Mobiliários; (iii) a adoção de políticas e critérios contabilísticos adequados e a manutenção de sistemas de controlo interno apropriados; e (iv) a informação de qualquer facto relevante que tenha influenciado a sua atividade e a atividade do conjunto das empresas incluídas na consolidação, a sua posição financeira, os seus resultados ou os seus rendimentos integrais.
3. A nossa responsabilidade consiste em examinar a informação financeira contida nos documentos de prestação de contas acima referidos, incluindo a verificação se, para os aspetos materialmente relevantes, é completa, verdadeira, atual, clara, objetiva e lícita, conforme exigido pelo Código dos Valores Mobiliários, competindo-nos emitir um relatório profissional e independente baseado no nosso exame.

Âmbito

4. O exame a que procedemos foi efetuado de acordo com as Normas Técnicas e as Diretrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que este seja planeado e executado com o objetivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras consolidadas estão isentas de distorções materialmente relevantes. Este exame incluiu a verificação, numa base de amostragem, do suporte das quantias e informações divulgadas nas demonstrações financeiras consolidadas e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração, utilizadas na sua preparação. Este exame incluiu, igualmente, a verificação das operações de consolidação, a aplicação do método de equivalência patrimonial e de terem sido apropriadamente examinadas as demonstrações financeiras das empresas incluídas na consolidação, a apreciação sobre se são adequadas as políticas contabilísticas adotadas, a sua aplicação uniforme e a sua divulgação, tendo em conta as circunstâncias, a verificação da aplicabilidade do princípio da continuidade das operações, a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras consolidadas, e a apreciação, para os aspetos materialmente relevantes, se a informação financeira é completa, verdadeira, atual, clara, objetiva e lícita. O nosso exame abrangeu ainda a verificação da concordância da informação financeira consolidada constante do Relatório de Gestão com os restantes documentos de prestação de contas consolidadas, bem como as verificações previstas nos números 4 e 5 do artigo 451º do Código das Sociedades Comerciais. Entendemos que o exame efetuado proporciona uma base aceitável para a expressão da nossa opinião.

Opinião

5. Em nossa opinião, as demonstrações financeiras consolidadas referidas no parágrafo 1 acima, apresentam de forma verdadeira e apropriada, em todos os aspetos materialmente relevantes, a posição financeira consolidada da Grupo Media Capital, SGPS, S.A. e suas subsidiárias em 31 de dezembro de 2015, o resultado líquido consolidado e os rendimentos integrais consolidados das suas operações, as alterações no seu capital próprio consolidado e os seus fluxos consolidados de caixa no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro tal como adotadas pela União Europeia e a informação nelas constante é, nos termos das definições incluídas nas diretrizes mencionadas no parágrafo 4 acima, completa, verdadeira, atual, clara, objetiva e lícita.

Relato sobre outros requisitos legais

6. É também nossa opinião que a informação financeira constante do Relatório de Gestão consolidado é concordante com as demonstrações financeiras consolidadas do exercício e o relato sobre as práticas de governo societário inclui os elementos exigíveis ao Grupo nos termos do artigo 245º-A do Código dos Valores Mobiliários.

Lisboa, 25 de fevereiro de 2016

CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA

CONTAS INDIVIDUAIS

Introdução

1. Nos termos da legislação aplicável, apresentamos a Certificação Legal das Contas e Relatório de Auditoria sobre a informação financeira contida no Relatório de Gestão e sobre as demonstrações financeiras anexas do exercício findo em 31 de dezembro de 2015 da Grupo Media Capital, SGPS, S.A. ("Empresa"), as quais compreendem a demonstração da posição financeira em 31 de dezembro de 2015 que evidencia um total de 253.941.964 Euros e capital próprio de 176.044.699 Euros, incluindo um resultado líquido de 15.470.019 Euros, as demonstrações dos rendimentos integrais, das alterações no capital próprio e dos fluxos de caixa do exercício findo naquela data e o correspondente anexo.

Responsabilidades

2. É da responsabilidade do Conselho de Administração: (i) a preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira da Empresa, os rendimentos integrais das suas operações, as alterações no seu capital próprio e os seus fluxos de caixa; (ii) que a informação financeira histórica seja preparada de acordo com as Normas Internacionais de Relato Financeiro tal como adotadas pela União Europeia ("IAS/IFRS") e que seja completa, verdadeira, atual, clara, objetiva e lícita, conforme exigido pelo Código dos Valores Mobiliários; (iii) a adoção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado; e (iv) a informação de qualquer facto relevante que tenha influenciado a sua atividade, a sua posição financeira ou os seus rendimentos integrais.
3. A nossa responsabilidade consiste em examinar a informação financeira contida nos documentos de prestação de contas acima referidos, incluindo a verificação se, para os aspetos materialmente relevantes, é completa, verdadeira, atual, clara, objetiva e lícita, conforme exigido pelo Código dos Valores Mobiliários, competindo-nos emitir um relatório profissional e independente baseado no nosso exame.

Âmbito

4. O exame a que procedemos foi efetuado de acordo com as Normas Técnicas e as Diretrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que este seja planeado e executado com o objetivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras estão isentas de distorções materialmente relevantes. Este exame incluiu a verificação, numa base de amostragem, do suporte das quantias e informações divulgadas nas demonstrações financeiras e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração, utilizadas na sua preparação. Este exame incluiu, igualmente, a apreciação sobre se são adequadas as políticas contabilísticas adotadas e a sua divulgação, tendo em conta as circunstâncias, a verificação da aplicabilidade do princípio da continuidade das operações, a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras, e a apreciação, para os aspetos materialmente relevantes, se a informação financeira é completa, verdadeira, atual, clara, objetiva e lícita. O nosso exame abrangeu ainda a verificação da concordância da informação financeira constante do Relatório de Gestão com os restantes documentos de prestação de contas, bem como as verificações previstas nos números 4 e 5 do artigo 451º do Código das Sociedades Comerciais. Entendemos que o exame efetuado proporciona uma base aceitável para a expressão da nossa opinião.

Opinião

5. Em nossa opinião, as demonstrações financeiras referidas no parágrafo 1 acima, apresentam de forma verdadeira e apropriada, para os fins indicados no parágrafo 6 abaixo, em todos os aspetos materialmente relevantes, a posição financeira da Grupo Media Capital, SGPS, S.A. em 31 de dezembro de 2015, os seus rendimentos integrais, as alterações no seu capital próprio e os seus fluxos de caixa no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro tal como adotadas pela União Europeia, e a informação financeira nelas constante é, nos termos das definições incluídas nas diretrizes mencionadas no parágrafo 4 acima, completa, verdadeira, atual, clara, objetiva e lícita.

Ênfase

6. As demonstrações financeiras, mencionadas no parágrafo 1 acima, referem-se à atividade da Empresa a nível individual e foram preparadas para aprovação e publicação nos termos da legislação em vigor. Conforme previsto nos IAS/IFRS e indicado na Nota 2.5, os investimentos financeiros em empresas do grupo são apresentados ao custo de aquisição deduzido de perdas por imparidade, quando estas se verificarem. Assim, as demonstrações financeiras anexas não incluem o efeito da consolidação de ativos, passivos, capital próprio, rendimentos e gastos totais das empresas participadas direta ou indiretamente pela Empresa, o que será efetuado em demonstrações financeiras consolidadas a elaborar e aprovar em separado.

Relato sobre outros requisitos legais

7. É também nossa opinião que a informação financeira constante do Relatório de Gestão é concordante com as demonstrações financeiras do exercício e o relato sobre as práticas de governo societário inclui os elementos exigíveis à Empresa nos termos do artigo 245º-A do Código dos Valores Mobiliários.

Lisboa, 25 de fevereiro de 2016

Deloitte & Associados, SROC S.A.
Representada por Nuno Miguel Cabaço da Silva

RELATÓRIO E PARECER DA COMISSÃO DE AUDITORIA

1 Introdução

Nos termos e para os efeitos do disposto na alínea g) do artigo 423.º-F do Código das Sociedades Comerciais, a Comissão de Auditoria da sociedade Grupo Média Capital, SGPS, S.A. vem pelo presente apresentar aos Senhores Accionistas o relatório sobre a atividade fiscalizadora e, bem assim, dar o seu parecer sobre o Relatório e Contas individuais e consolidadas do exercício findo em 31 de Dezembro de 2015 bem como sobre as propostas apresentadas pelo Conselho de Administração da sociedade à Assembleia Geral.

2 Fiscalização da Sociedade

Durante o exercício de 2015, a Comissão de Auditoria acompanhou a evolução da actividade das sociedades integradas no Grupo Média Capital, tendo zelado pela observância da lei e do respectivo contrato de sociedade, a exactidão dos documentos de prestação de contas, verificado a regularidade dos registos contabilísticos, as políticas contabilísticas adoptadas, fiscalizando o processo de preparação e divulgação da informação financeira bem como a informação periódica que foi divulgada ao mercado.

A Comissão de Auditoria analisou e avaliou durante o ano de 2015 a eficácia dos sistemas de gestão de risco e do sistema de controlo interno, conforme implementados pelo Conselho de Administração da Sociedade, em salvaguarda do seu valor e em benefício da transparência do governo societário.

Por considerar que os sistemas de controlo interno e de gestão de riscos tal como implementados na Sociedade são os adequados aos riscos identificados e a que a Sociedade se encontra exposta, a Comissão de Auditoria não considerou necessário propor ajustamentos ou alterações aos sistemas já implementados.

A Comissão de Auditoria acompanhou directamente a actividade desenvolvida pelos serviços de auditoria interna das sociedades integradas no Grupo Média Capital tendo recebido com periodicidade bimensal o reporte da informação e das conclusões alcançadas pelos serviços de auditoria interna no âmbito dos trabalhos realizados, cujo plano foi agendado e delimitado conjuntamente com a Comissão de Auditoria. Não foi detectado qualquer facto digno de relevo no âmbito da actividade das referidas sociedades.

A Comissão de Auditoria, no âmbito da sua actividade de fiscalização, não se deparou com quaisquer constrangimentos ao exercício da sua actividade.

Para efeitos do desempenho das suas competências, nos termos da lei e do contrato de sociedade, os membros da Comissão de Auditoria participaram em todas as reuniões do Conselho de Administração. Durante o exercício, a Comissão de Auditoria reuniu seis vezes.

Durante o ano de 2015, e em linha com as recomendações relativas ao bom governo das sociedades cotadas, a Comissão de Auditoria procedeu à avaliação de todas as operações realizadas com accionistas significativos e com partes relacionadas, em cumprimento do disposto no Regulamento do Conselho de Administração, tendo-se reservado para emissão de parecer prévio a celebração de negócios com relevância significativa. Todos os negócios com relevância significativa que foram submetidos à apreciação da Comissão mereceram o seu parecer favorável.

No âmbito das suas competências, e enquanto principal interlocutor da empresa junto do Auditor, a Comissão de Auditoria acompanhou os trabalhos de auditoria desenvolvidos pelo Revisor Oficial de Contas que dão origem à emissão da certificação legal de contas, tendo ainda acompanhado os trabalhos e as conclusões atingidas no âmbito dos trabalhos desenvolvidos pela referida entidade que desempenha ainda as funções de Auditor Externo.

No exercício de 2015, a Comissão de Auditoria procedeu à avaliação do desempenho do Revisor Oficial de Contas tendo verificado a independência e a competência com que foram desempenhadas as funções do Revisor Oficial de Contas da Sociedade e as funções de Auditor Externo. Ponderadas as condições de independência do auditor, bem como as vantagens e custos inerentes à sua substituição, a Comissão de Auditoria considerou não existir impedimentos à renovação do mandato do Revisor Oficial de Contas da Sociedade e manutenção do Auditor Externo pelo que foi a Deloitte & Associados SROC, S.A. designada para desempenho das referidas funções por mais um mandato na Sociedade mantendo o exercício de funções nas sociedades integradas no Grupo Média Capital.

3 Declaração de responsabilidade

De acordo com o disposto no artigo 245.º n.º 1, c) aplicável por força do disposto no artigo 8.º n.º 1, alínea a) do Regulamento da CMVM n.º 5/2008 (Deveres de Informação), os membros da Comissão de Auditoria declaram que, tanto quanto é do seu conhecimento, a informação constante do Relatório de Gestão e dos demais documentos de prestação de contas foi elaborada em conformidade com as normas contabilísticas aplicáveis, dando uma imagem verdadeira e apropriada do activo e do passivo, da situação financeira e dos resultados e dos fluxos de caixa da Sociedade e das empresas incluídas no perímetro da consolidação. Mais entendem que o Relatório de Gestão expõe fielmente a evolução dos negócios, do desempenho e da posição da Sociedade e das empresas incluídas no perímetro da consolidação, contém uma descrição dos principais riscos e incertezas com que se defrontam.

4 Parecer sobre os relatórios e contas e propostas apresentados pelo Conselho de Administração

A Comissão de Auditoria examinou as propostas do Conselho de Administração, a apresentar ao Senhores Accionistas, o Relatório de Gestão individual e consolidado e as demonstrações individuais e consolidadas do exercício findo em 31 de Dezembro de 2015, os quais incluem as demonstrações da posição financeira individual e consolidada, a demonstração consolidada dos resultados, as demonstrações individuais e consolidadas dos rendimentos integrais, dos fluxos de caixa e das alterações no capital próprio e respectivos anexos, do exercício findo àquela data, elaborados de acordo com as Normas Internacionais de Relato Financeiro, tal como adoptadas pela União Europeia.

Adicionalmente, analisou as Certificações Legais de Contas e Relatórios de Auditoria sobre as referidas demonstrações financeiras individuais e consolidadas, elaborados pelo Revisor Oficial de Contas.

A Comissão de Auditoria concorda com as Certificações Legais das Contas individuais e consolidadas elaboradas pelo Revisor Oficial de Contas.

A Comissão de Auditoria analisou ainda o Relatório sobre o Governo da Sociedade relativo ao exercício de 2015 preparado pelo Conselho de Administração, o qual se encontra em anexo ao Relatório de Gestão, verificando que foi preparado em cumprimento do disposto no Regulamento da CMVM n.º 4/2013 (Governo das Sociedades) conforme emanado pela Comissão do Mercado

de Valores Mobiliários e inclui, entre outros, os elementos constantes do artigo 245.º-A do Código dos Valores Mobiliários.

Em face do exposto, a Comissão de Auditoria é de opinião que as demonstrações financeiras individuais e consolidadas, o Relatório de Gestão individual e consolidado em 31 de Dezembro de 2015, bem como a proposta de aplicação dos resultados expressa no Relatório de Gestão estão de acordo com as disposições contabilísticas, legais e estatutárias aplicáveis pelo que recomenda a sua aprovação pelos Accionistas.

Queluz de Baixo, 18 de fevereiro de 2016

A Comissão de Auditoria,

Tirso Olazábal (Presidente)

Jaime Roque de Pinho D' Almeida

Jose Luis Sainz