Annual Report

2012

Grupo Media Capital, SGPS, S.A.

NOTE:

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

INDEX

Management Report

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 2012. 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
2012 ACCOUNTS

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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. ("MEDIA GLOBAL"). 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, 2012.

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.

GROUP 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 six different business units and a Shared Services Unit (named "One") that centralizes all the administrative functions and serves the other Group companies in areas such as human resources, accounting, financial management, treasury and purchases.

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.

Grupo Media Capital also owns Publipartner, a subsidiary whose purpose is to develop partnerships with companies outside the Group, using its marketing and media management skills to capture additional revenues for the Group.

In terms of financial reporting, the structure adopted by Media Capital comprises four reporting segments: Television (which includes TVI and Publipartner), Audiovisual Production, Entertainment (which includes the Group's cinema, music and music event production activities) and Radio. The remaining companies and business units are grouped in a separate 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 segment.

ECONOMIC ENVIRONMENT

2012 confirmed the negative perspectives on the world economy, especially in the more mature economic zones. As in previous years, this is manly due to high public and private debt levels, which raised external deficits to unprecedented values.

In the Euro zone, where smaller economies were the most penalised in 2011, this situation was by far evident in the most mature and bigger economies, such as Italy or Spain. This, aside with excessive primary deficits, has caused major discredit relative to the sustainability of this development model.

As a consequence, price risks remained high, with the costs of refinancing operations reaching unthinkable levels and again exacerbating the financial sustainability of the debilitated countries.

Therefore, in an open economy such as the Portuguese (that shows the above mentioned imbalances), the effort made to reduce deficit (from both the revenue and expense sides) intensified, thus inevitably inhibiting economic growth on the short term. In theory, however, it may create the bases for a sustainable growth on the long term.

The latest economic forecast from Banco de Portugal points that way, as its winter economic report indicates a real decrease of 1.9% in 2013' Gross Domestic Product (GDP), affected by a fall of 3.6% in private consumption, of 2.4% in public consumption and of 8.4% in investment. For 2014, Banco de Portugal foresees a GDP marginal growth of 1.3%, although highlighting the several risks of this forecast, mostly on a downward trend.

Advertising market performance

Following the general economic tendency, the Portuguese agencies advertising market (before rappel discounts) felt a new contraction in 2012 (18%, 6pp above the previous year). This affected all media except for the Internet and Pay TV segments, whose market shares slightly increased, reaching 8% (+2pp and +1pp for, respectively, Internet and Pay TV).

Regarding the remaining segments, 2012 was particularly punitive for the Press segment, which has registered an approximate decrease of 24%, with particular emphasis on the non-daily press.

Concerning the segments where the Group operates, FTA TV fell nearly by 20%, which lead to a 1pp fall in the segments' market share that, notwithstanding, remain around 50%. The Radio segment inverted its tendency from previous years and fell 11% without, however, loosing its 7% market share.

As for Pay TV, and despite a loss of nearly 4%, increased its market share to 7% (+ 1pp vs 2010), the same as the Radio segment, which maintained the investment figures lined up with last years'.

The Outdoor segment was extremely penalised in 2012, loosing 2pp of market share and registering a 27% fall. As for the Cinema segment, it maintained its decrease tendency from previous periods.

Regardless the fall of the advertising investment for the fifth consecutive year, it's not likely that 2013 will become a recovery year. It is, however, predictable that variation may possibly be lower than the one observed in 2012. Still, the economical context expected for 2013 presents risks that might exacerbate the market situation and, consequently, aggravate companies' advertising investment.

MAIN FACTS IN 2012

- Media Capital's consolidated **EBITDA** reached € 41.2 million (+44% vs 2011)

- The EBITDA margin was 22.3%, therefore improving by 9.6pp, as a result of a strong decrease in operating costs (-27%).
- According with data from Marktest/Kantar Media, **TVI** kept yet again the leadership in TV audience, with an average all-day share of 26.7% and 30.1% in prime-time. TVI continues to bet on more and better contents, having launched the channels TVI Ficção, S. Story 3 (in TVI Direct), as well as +TVI (this one in 2013). In 2012 the TV segment posted an EBITDA of 35.1 million (with a margin of 24.8%), +2% vs. 2011.

- **Audiovisual Production** activity achieved an EBITDA margin of 7.1%, with an EBITDA of € 3.7 million. The technical services line of business improved its international presence, with services provided in France, Spain, Poland and Ukraine. Plural's performance places it in the top tier of Iberia.

- **Radio**'s EBITDA amounted to € 3.0 million in 2012, with a margin of 21.3%. After reaching in Q2 and for the first time ever, the #1 position, in Q3 and Q4, Rádio Comercial further enhanced its lead, with an audience of 15.4% in the last three months of the year (almost 1.3 million listeners), and a YoY growth of 43%. The aggregate of the Group's radio stations reached, yet again, the highest audience figure ever in 2012 (21.5% vs. 18.7% in 2011), which allowed MCR to also improve its markets share in the adverting market.

- In the **Digital** area, the year of 2012 was particularly fertile in innovations. We highlight, among other: (i) the rebranding (from MCM to MCD); (ii) the partnership with Microsoft – availability of both TVI and TVI24 in MSN's portal; (iii) the IOL portal; (iv) IOL Push – a new service with the most important news of the day; (v) the new sites TVI24, Secret Story 3 and Agência Financeira. MCD reinforced its offer throughout a multitude of platforms and devices.

BRIEF OVERVIEW OF THE CONSOLIDATED RESULTS

In the year 2012, Media Capital recorded total consolidated operating revenues of € 184.3 millions.

Consolidated EBITDA improved 44% towards € 41.2 million, with the margin increasing 9.6pp to 22.3%, due to a strong reduction of operating costs. Even excluding from 2011 the goodwill impairment booked in Q4'11 (€ 9,750 thousand), the EBITDA variation would still have been positive by 7%. Additionally, excluding from both years the staff curtailment costs (€ 0.9 million in 2012 and € 3.7 million in 2011), the EBITDA would have gone from € 42.0 million in 2011 to € 42.1 in 2012.

Consolidated operating income (EBIT) was € 29.7 million, whereas net profit reached € 11.9 million, despite the higher interest costs faced in 2012.

Concerning operating revenues, advertising was down 19%, mostly due to the weight and performance of the TV segment, fell by 22%. On the contrary, in Radio there was an increase (+2% for the full yer and +23% YoY in the quarter), while the Digital and Others segment stood 8% below the previous year.Consolidated other revenues were 16% below when compared with the previous year, with the impact coming mostly from the Audiovisual Production and Entertainment segments, which was not offset the good performance of the TV segment.

In what regards consolidated operating costs, these came out 23% lower than those observed in 9M11, as a result of (i) the goodwill impairment booked in 2011 in the amount of € 9,750 thousand; (ii) the lower activity in Audiovisual Production and Entertainment; as well as (iii) the important efficiency gains achieved all across the organisation. Excluding the impact of the goodwill impairment, the opex would still have showed a good execution, with a decrease of 23% in 2012.

Net financial results went from € -6.5 million to € - 9.7 million. The main factor behind such evolution was an exogenous one, and refers to the increase in funding costs, via the increase in spreads, in tandem with what was the tendency observed in the financial markets.

Consolidated net profit reached € 11.9 million, which compares with € 1.2 million in 2011, as a consequence of the operating and financial performance, as well as the aforementioned goodwill imparity registered in Q4'11.

EXPECTED EVOLUTION IN ACTIVITY FOR 2013

The contraction forecast on the internal demand, motivated by a relevant increase in tax rates and higher unemployment, leaves few doubts regarding a negative evolution on the advertising market.

In this environment, and as in previous years, TVI will continue to protect the most profitable time slots, 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 (e.g., +TVI, launched in January'13) aiming to achieve leadership in quality and profitability. The launch of more contents in new platforms, the maintenance of its audience leadership and its role as a reference in the FTA television market, alongside with more non-linear offer and interactivity as a means for monetization and consumers' loyalty, will also be a reinforced reality in 2013, as well as the increase in the international penetration of TVI's contents.

In the Audiovisual Production segment, the effort made by gathering (near Lisboa) the production centres, technical resources and scenarios foresees relevant efficiency improvements and cost reduction while benefiting quality and reducing working hours. The investment made in technical resources and its reorganization will also enhance these earnings. Regarding international production, the Group is now better equipped to exploit the Portuguese and Spanish speaking markets, among others. New developments are expected, mostly by the establishment of partnerships. In this framework, Plural arises in 2013 fitted with characteristics that will place it in the national and international markets with an even better competitive price/quality ratio.

In Radio, after a record-breaking year for the MCR radios (driven essentially by Rádio Comercial), with a very positive performance vs the whole radio market, the main goal in 2013 is to maintain the leadership obtained by Radio Comercial during 2012 and to reiforce the other radio formats, aloways taking into acccount the necessary adaptaions to the new audience panel in 2013. 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.

As for MC Entertainment, it is expectable that the physical music market will continue to decrease. Taking this into consideration, and understanding that music business value is increasingly linked to a 360º degrees approach with the artists, Grupo Media Capital will invest on emerging revenue sources such as events, artist management, sponsorship, related rights and digital sales.

In Media Capital Digital's operating segment, and despite the negative economical environment, the estimates are that the Group will improve its relative presence 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 aldready proven ability to innovate.

Finally, 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 and +TVI (launched in january 2013).

ACTIVITY EVOLUTION IN 2012

In what regards financial performance, and in spite of the difficult economic environment, operating revenues in the TV segment fell only by 6%. Advertising revenues were down 22%. Media Capital estimates the free-to-air (FTA) advertising market to have fallen by 20% in the same period.

Other operating revenues were up 57%. We highlight the performance achieved by multimedia services, as well as the booking of the capital gain resulting from the sale of RETI (transmission operator), which materialised in the second quarter. From October to December, this stream of revenues expanded by 83% if compared with the last year.

In 2012, operating costs fell by 9% YoY, driven by a strict sense of cost control. Always keeping in mind the need to have the best contents, TVI cut down its programming costs, especially in what regards international programming (series and, above all, motion pictures), as well as local contents (drama and entertainment) and news, notwithstanding the adverse effects concerning FX differences and the impact of the EURO 2012.

It is worth mentioning that a significant portion of TVI's programming costs – local drama – derives from in-house Group productions (Plural), therefore retaining the respective added value.

The combined evolution of revenues and costs resulted in an EBITDA of € 35.1 million, which compares with € 34.6 millions in 2011 (+2%), with the margin going from 22.8% to 24.8%.

2012 - LEADER FOR THE EIGHTH CONSECUTIVE YEAR

According to Marktest/Kantar Media, TVI continued to lead FTA audience shares in Portugal, both in all day and in prime time, registering an average audience of 26.7% throughout 2012, the eight consecutive year leading all day audiences.

The second and third positions among generalist channels obtained shares of 21.8% and 18.6%.

TVI also lead audiences in prime time (as it has been doing so since 2001), with a 30.1% share, 5.6pp above the second position which registered 24.5% share. The third position obtained 16.7% share.

Thematic cable channels obtained 29.6% and 25.6% shares, in all day and in prime time.

Leading from January to December, both in all day and in prime time, TVI registered an average of over 1 million daily viewers in prime time, reaching a wide variety of targets. Along 2012, TVI's total audience was of 4.8 million daily contacts (3.4 million in prime time).

Sundays were the best day of the week for TVI during 2012, with major entertainment formats, football matches, drama productions and the 8pm news programme, with Prof. Marcelo Rebelo de Sousa.

It is worth mentioning that TVI was the only generalist channel improving its audience share during 2012, whilst total TV consumption showed a slight decrease 1pp, to 77%).

PROGRAMMING

In 2012 TVI once again met consumers 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 maintained its status as one of TVI's programming pillars, with leading audiences in prime time, reaching multiple targets.

In 2012, the novelas “Anjo Meu” (31.8% share) and “Remédio Santo” – nominated for an Emmy in the category “Melhor Novela” –, came to an end, both registering excellent results and reaching more than 930 thousand and 980 thousand daily viewers.

As for premieres in prime time, “Doce Tentação” (January) and “Louco Amor” (May), achieved shares of 33.3% and 31.8%, respectively.

In the pre prime time, the juvenile series “Morangos com Açúcar” ended in September after nine consecutive seasons and over 2000 episodes. Replacing it, “Doida por Ti”, a product that reaches a more transversal audience, achieved an average audience of 712 thousand viewers and 23.1% share since its launch in October.

All together, these drama products registered 32.4% and an average of 990 thousand daily viewers in prime time.

Following its diversification strategy, TVI also exibited eight telefilmes, all produced by Plural, which, all together, obtained a share of 25.8% (590 thousand viewers).

News and Sports

Regarding News, 2012 is especially relevant once TVI’s news programs achieved leadership for the first time in February in the main time slots. Both “Jornal da Uma” (at lunch time) and “Jornal das 8” (8pm) achieved leading shares of 28.5% (+ 3pp vs 2011) and 27.1% respectively, that correspond to 577 thousand viewers for “Jornal da Uma” and 981 thousand viewers for “Jornal das 8”, which frequently surpassed 1 million viewers along the years. Regarding “Jornal das 8”, it is worth mention the participation of Prof Marcelo Rebelo de Sousa (Sunday edition) and the interviews by Judite de Sousa to the most prominent figures in politics, finance, economy and society.

These results reflect the audience’s recognition regarding TVI’s reinforced value proposal occurred in 2011.

“Repórter TVI” was once again a reference in investigative journalism. Its 35 transmissions recorded during the year reached an average audience of 1.2 million individuals and a share of 30.5%.

Globally, TVI broadcasted over 1600 hours of information contents during 2012.

In Sports, the 17 matches of the Portuguese Football League obtained an average of 1.425 million viewers (40.2% in share). Also important was the EURO 2012 with TVI broadcasting 6 matches that achieved an average share of 44.3% (53% in Male target) corresponding to 1.4 million viewers.

The six matches of the "Champions League", broadcasted in exclusive in FTA in Portugal by TVI, obtained an average share of 39.4%. at the end of the year, the four matches of "Taça da Liga" broadcasted by TVI obtained 31.3% share (over 1 million 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.

The large entertainment formats were on the spotlight throughout the year. In the first half of 2012, "A Tua Cara Não me é Estranha", adapted from a successful international format, registered record audiences on its three series, emitted from January to July, registering shares of 51,1%, 50,5% and 46,4% (from the 1st to the 3rd series) and an average of 1.5 million viewers.

Premiered in September, the third edition of "Casa dos Segredos – Secret Story III" obtained 55.9% share on its first broadcast (over 1.7 million spectators) and rapidly became a success on the internet and on social networks, reaching 2.3 million pageviews, over 500 thousand followers on Facebook, more than 1 million videos and more that 1.3 million visits on its app. Its set of emission (from September to December) obtained an average audience of 1.3 million spectators and 42.9% share, with the maximum peak happening on Sunday Galas.

TVI maintained its partnership with MEO, to broadcast the daily life in "Casa dos Segredos", 24hrs a day through the interactive channel TVI Direct, achieving excellent audiences and allowing it to stand as one of the most watched channels on cable. It included increased interactivity options and news contents, which provided a more interactive and dynamic experience. The "Sectre Story" channel was also broadcasted live through the internet ando n TVI's apps for iPad and iPhone.

The daily talk show "Você na TV", continues to lead on its timeslot with a share of 30.7% and more than 330 thousand loyal viewers.

On weekday's afternoons, "A Tarde É Sua", presented by Fátima Lopes, reached an average audience of 261 thousand viewers (21.3% share).

During 2012, TVI reinforced its entertainment weekend offer, airing the major traditional events throughout the country. More than 30 emissions of “Somos Portugal” were broadcasted live on Sundays afternoon, with an audience share of 30.5% and over 720 thousand regular spectators.

International Drama

With a strong presence on weekend afternoons, TVI maintained significant audiences with an international programming based principally on quality series and blockbuster cinema. Regarding cinema and for its total of around 350 films aired, the weekend afternoon programme won an average of around 440,000 viewers and an average share of 20%.

Also on weekends, the 26 episodes of “Havai – Five O” reached 25.3% share (520 thousand viewers), whilst “Terra Nova” obtained a share of 29.3% (569 thousand viewers). On weekdays, TVI broadcasted quality and reference series such as “Lie to Me” (17.4% share), “Good Fellows” (16.1%), “Law & Order” (16%) and “Catch me if you can” (16.5% share).

During February, TVI presented the annual Academy Awards ceremony, exclusively for the 16th year, winning over 50% before 2h30am.

TVI24

In 2012, TVI24 registered its best year ever since its launch in 2009, reaching 1.4% share in all day and registering a notable presence in prime time, with a similar share.

The channel’s results improved remarkably from September, when TVI24 achieved a total daily audience of over 1 million viewers and presented a new programming grid, which includes new sports contents (related to the Champions League), the premier of “Governo Sombra” and the reinforce of reference debate programs such as “Olhos nos Olhos”, “Nem Mais Nem Menos”, “Prolongamento” and “Mais Futebol”, as well as a stronger emphasis in news along the day. In December TVI24 registered its best result, with a share of 4.6%.

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

Since May 2010, the best of TVI and TVI24 programming is available (by cable and/or satélite) in Andorra, Angola, Mozambique and Cape Verde through TVI Internacional, a generalist channel created to provide a Portuguese offering for drama, entertainment and information content, not forgetting the special programming customised for each market / country in their area of coverage. With the extension of its presence in Luxembourg throught Eltrona, TVI Internacional increased its reach to 400 thousand homes.

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 15th October, in HD and exclusively in MEO, TVI Ficção already achieved 0.5% share.

+ TVI

At the beggining of 2013, following the station's diversification strategy, the exploitation of the Group's capacity in producing quality contentes, the market demand and the multiplicity of devices and platforms available, TVI reiforced its offer with the new channel +TVI.

Launched in exclusive in HD by ZON, +TVI offers an exclusive selection of quality local and international entertainment, talk shows, reality docs, national drama, music shows, food shows and other interactive contents especially produced for the channel.

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 Ficção and TVI Internacional 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.

Interactivity

The strengthened and optimized interactive initiatives won a good response from the public and registered a positive evolution during 2012.

Among these initiatives were the renewal of the TV call show in the afternoon and the launch of the reality TV show "Secret Story – Casa dos Segredos 3", in the final part of the year, as well as other special events along the year.

Licensing

Some of TVI's key brands strengthened their position among their audience through the development of several licensing products. It is worth highlighting the "Morangos com Açucar" brand, which continued to reiforce its bond with its target audience.

Nevertheless, revenues from licensing projects reflected the unfavourable economic context in 2012.

Plataforms and internet

TVI invested in evolving its systems in 2012, 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. A successful example of these innovations is the interactive channel "Secret Story III – Casa dos Segredos" (with new interactive features, new voting options through facebook and new contents).

Also, TVI's and TVI24's apps, strongly supported on video contents, registered excelente results, reaching #1 various times.

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 increased 24% and 83% in, respectively, visitors and page views, totalizing 100.8 million visits and 861 million page views along 2012, thus making TVI undisputable audience leader among TV channels on the internet. As for online video consumption, TVI websites counted more than 100 million views. Also in social networks, TVI is indisputable leader (when compared to other TV stations), with more than 20 pages that surpass 2.000.000 fans.

INDUSTRY PROJECTS

During 2012, Grupo Média Capital took part in defining governmental, legal and regulatory policies and measures affecting its industry, specifically by taking public positions and responding to public consultations, launched by regulatory entities, the Government itself or the European Commission.

In some of them TVI, made its contribution through the Confederação Portuguesa de Meios de Comunicação Social (Portuguese Social Media Confederation) and the Association Commercial Television in Europe (ACT), associations of which TVI is a member, and which represent, respectively, the interests of the media industry in Portugal and the European commercial TV companies. Both associations are regularly consulted prior to the adoption of any standards or public communications or accompany by their own initiative legal and regulatory procedures.

Co-Regulation

Once again and during 2012, TVI met its obligations arising from the Public Service Protocol signed by the three generalist channels in September 2003.

TDT

The resolution nº 26/2009 published on the 17th March 2011 on the DR 1ª series, n 53, established that the cessation of the terrestrial analogue television transmissions in Portugal would have to occur until April 26 2012. On that date, ICP-ANACOM would proceed, free of charge, to the recovery of the use rights of the frequencies attributed to FTA broadcasters.

According to the above referred resolution, ICP-ANACOM draw a detailed cessation plan for each broadcaster, which was executed until April 26, 2012, though the deliberation was only emited on January 21st, 2013.

Audiovisual Production

INTRODUCTION

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

Aside from its activity in Portugal and Spain, Plural Entertainment has operations in USA and Latin America.

ACTIVITY EVOLUTION IN 2012

Variations observed in this segment are the result not only of the ordinary activity of its companies but also of the change observed in the segments' consolidation perimeter and of a goodwill impairment registered in Q4'12, amounting € 9,750 thousand.

Regarding the consolidation perimeter, as of January 1st 2012, the stake in Factoría went from 51% to 15%, resulting in the deconsolidation of both Factoría and its participated company CHIP. They are now considered associated companies. Also recall that Socater and Productora Canaria de Programas (owned 40% each) which are also associated companies and, thus, out of Grupo Media Capital's consolidated accounts.

The Audiovisual production segment reached total operating revenues of € 52.7 million, decreasing by 35% (-24% if adjusted for changes in the consolidation perimeter).

In Portugal, operating revenues decreased by 9%, due to lower TV production revenues. This occurred despite the important improvement of production services and technical support activities, which continued to gain track on international grounds.

One important fact to highlight in Portugal is the movie "Morangos com Açúcar – o Filme", which was (and still continues to be) a success (238 thousand viewers), being the Portuguese movie with the best première ever and the 2nd most watched Portuguese movie in 2012. In addition, the novela "Remédio Santo" was nominated for an International Emmy award in the category "Best Telenovela".

In what regards Spain, operating revenues were also down. Apart from the aforementioned deconsolidation impact, there was a reduction of the production volume to domestic clients, also associated to the absence, in 2012, of revenues with the cinema activity (in 2011 subsidies were booked).

Notwithstanding the change in the consolidation perimeter and its reduction in the production activity, EBITDA improved from € -4.9 million to € 3.7 million. Please note that Q4'11 figures were negatively impacted by the € 9,750 thousand goodwill imparity.

Both financial and content performances clearly position Plural as the biggest content producer in Portugal and one of the largest in Iberia.

PLURAL ENTERTAINMENT – Activity in Portugal

In 2012, Plural Entertainment maintained its position as the major audiovisual producer in Portugal, being a reference in local drama and producing over 800 hours of contents in Portuguese.

The integration of all the production processes, along with a strong team work among all the intervenients, has been strategic and determinant to the sucess of Plural's products.

The centralization of the production structures in Quinta dos Melos in 2011 and the resulting process optimization, wich allowed for important savings and improved working conditions, gave the company more flexibility in responding to market's needs.

The quality and excelency of Plural's work were once again recognized by the market, which awarded the company with the "Best Producer" prize for the fourth year.

PRODUÇÃO AUDIOVISUAL

Local Drama contents

In 2012, the novelas "Anjo Meu" and "Remédio Santo" (nominated for na international Emmy for "Best Novela"), and the youth series "Morangos com Açúcar" came to an end. "Doce Tentação", "Louco Amor" and "Doida por Ti" were the novelas premiered during 2012.

Plural also began the production of the novela “Destinos Cruzados”, the police serie “O Bairro” and the sitcom “Giras e Falidas”, all predicted to premier during 2013, and produced several telefilms, mainly foucosing on actual social matters.

Productions in Portugal:

TELENOVELAS		Episodes
ANJO MEU	TVI	94
REMEDIO SANTO	TVI	192
MORANGOS IX	TVI	167
DOCE TENTAÇÃO	TVI	284
LOUCO AMOR	TVI	189
DOIDA POR TI		44
DESTINOS CRUZADOS	TVI	
SERIES		
GIRAS E FALIDAS	TVI	
BAIRRO	TVI	
TELEFILMES		
FILMES TVI	TVI	8
FILMES RTP	TVI	12
CINEMA		
MORANGOS COM AÇUCAR – O FILME		1

Fonte: Markdata/Telereport; Dados até 31/12/2012

Entertainment Contents

Benefiting from the launch of TVI Ficção, Plural developed its production capacity in the entertainment area, with nine simultaneous diferente shows, thus diversifying its offer.

Advertising Contents

Advertising production registered a 50 % increase on a YoY comparison, mainly due to the redefinition of production processes and synergies with Media Capital Group. Advertising solutions varied from music themes, to spots, contente integration, institutional films, among others.

Cinema

In 2012 Plural produced its first movie in Portugal, "Morangos com Açúcar – O Filme", a co-production with TVI premiered on August, 30 in 62 movie theaters accross the country and latter also in Angola.

This was the second most watched movie of the year, with 238.313 spectators and a box office revenue of 1.232.858€, wich adds to the revenues of marketing innitiatives, product placement, merchandising and music products distributed by Farol.

"Morangos com Açúcar – O Filme" was launched on DVD and *Video On Demand* in december.

EMAV

As in 2011, EMAV increased oits activity during 2012, thus registering a significant growth when compared to the previous year. While assuring technical resources for Plural's productions, it succeeded on reinforcing its presence in Spain, afirming itself as a major player in this area and diferentiating from the competition through the quality of its services and equipments.

A special highlight regarding image capture of sports events, such as EURO 2012 (in an unprecedented partnership with Portugal's FTA breadcasters), Algarve Sevens or the Champeons League. In entertainment, EMAV was responsible for capturing, recording and broadcasting relevant events such as Prémios Ceres (Teatro Romano Mérida), Prémios Ondas (Barcelona), Carnival in Cadiz, bullfights for RTP and TVI and, on a weekly basis, the live show "Somos Portugal" (TVI).

EPC

EPC maintained its bet in conquering new markets and clientes (both national and international), while assuring its leading position in scenario construction in Portugal.

The construction of the décor for French series "L'Odissée", that involved over 70 workers in an area of more than 6.000 sqr meters, came to an end. Exclusing the impact of this production, EPC registered a 50% growth in the external market (outsider Plural's companies) by securing its actual clients and entering new markets, such as the construction of a scenario for a novela broadcasted in Angola and for theaters. EPC was also responsible for the sets of some of the major galas of the year, broadcasted by the FTA channels in Portugal.

PLURAL ENTERTAINMENT – Activity in Spain

Plural Entertainment is currently one of the most important audiovisual producers in the Spanish market, including in its client roster the most important private TV chains in the country and 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.

Some of these programmes are original formats created by the Plural creative team, while others are adaptations of international formats.

In 2012, 700 hours of programming were produced, including the following key programmes:

- "Hermano Mayor": Coaching for trouble youth, adapted from the French format "Grand frère". The 4th season registered a share of 12%, which is above the channels's average. The 5th season is already being broadcasted.
- "Hijos de Papá": Plural's own format, its on it's 2nd season. Plural already has international agreements to distribute this programme to Europe and EEUU.
- "La Nube": Weekly interactive show, on internet and new Technologies.
- "Falcón": Four episodes series, broadcasted on Canal+.
- "Padres Lejanos": Reality coach through Patagónia, aiming at improving father-son relations. Broadcasted on Cuatro.
- "Más allá de la Vida": Following the success of "Depois da Vida", broadcasted by TVI, Telecinco adpoted the format, with excelente results in late night.
- "Deportes Cuatro": Sports contents for channel Cuatro, with daily emissions throughout 2012.
- "Tricotosas": Bradocasted on the feminine channel Divinity, has a strong support on social networks.

- “Play Sports”: Family contest sponsored by Playstation and broadcasted by Boing.
- “O Clan dos impostores”: Talent-show on Saturdays’ prime time, broadcasted by the autonomic channel from Galicia. The prizes revert in favour of social causes.

INTERNACIONAL PRODUCTION

Since its office in Miami, Plural has an agreement with V-me (participated by Prisa Group) for various production services supplied by Plural to the US cable TV chain aimed at the Latin-American audience. Includes programmes such as “Mi Mascota”, “Tu Bebé” or “En Pantalla”.

Music and Entertainment

INTRODUCTION

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 and artist management, events and artis management, being the latter operated under the brand Spot.

Record publishing is performed by Farol Música (Farol). In addition to its own catalogue, Farol is also the distributor in Portugal of the catalogue of major multinational publisher Warner Music International (Warner). Distribution of the Warner catalogue by Farol entails marketing, promotion and sales of Warner products in Portugal.

ACTIVITY ENVOLUTION IN 2012

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, followed by related rights and, with minor expression, by the revenues from publishing and artists management.

In terms of financial performance, recorded music registered a revenue decrease, though increasing its market share. Following the tendency verified in the previous year, events production registered an extremely positive performance, thus confirming it as a strategic activity for Media Capital.

Recorded music market continued its decrease tendency, confirming the trend of the last years. With values similar to 2011, digital contents revenues still doesn't compensate this fall. On the other side, rights management from record publishing have significant values, when considering the drop on physical sales.

DIVERSIFIED PROJECTS

Maintaining its strong bet on portuguese music and artists, Farol launched 50 new albuns along 2012, with special highlight for "Essencial", by Tony Carreira, which reached triple platinum, "Acustico" (Anjos), which achieved gold and "Tim e Companheiros de Aventura ao Vivo", as well as new talents such as HBB, The Black Mamba, Filipe Pinto or Carolina Deslandes. Group's synergies were also important in Farol's launches, with successful records such as the m80 various thematic compilations.

As for Warner's catalogue, the highlight goes to renewed artists such as Muse, Linkin Park, Bruno Mars or FUN.

The stage show sales market was severely affected by budget restrictions and cuts which greatly reduced the range of events in the Portuguese market, with MCME contradicting this tendency with Meo Spot Summer Sessions, an important summer event with 26 parties in July and August, which took advantage of the Group's synergies, especially with TVI, m80 and Radio Comercial. MCME also organized, in partnership with TVI, the Surf's National Championship.

Sales from Portuguese artists' stage shows, mainly comprising outdoor events held by local councils, were strongly affected by budget restrictions and cuts. It is worth highlighting the show performed by José Cid in Lisboa.

Radio

INTRODUCTION

The mainy highlight regarding MCR's activity during 2012 concerns Radio Comercial's market leadership since Q2'12, which represents an historic turning point in the radio's sector in Portugal.

During 2012, MCR maintained its diversified commercial offering, with solutions aimed at answering the needs of advertisers, allowing contact and interaction with the public in various forms: on air, online and on place. Whether through the creativity of radio communication proposals, the Group's strong online presence, its association with the country's key musical events, its organisation of concerts or the key festivals, the MCR brands aimed to open new opportunities, which led to MCR's commercial performance being once again more positive than the market's.

ACTIVITY EVOLUTION IN 2011

Despite the 18% year-on-year decline that the advertising market is estimated to have taken in the agency sales channel, the radio segment saw slight growth of 0.7%, maintaining its 7% market share, which is clearly inferior to the one registered in many key countries in terms of total advertising investment, a fact that suggests that there is growth potential to explore.

Overall in terms of MCR's advertising revenue (which also includes direct clients), these rose 2% year-on-year, benefiting from the growth in the Group's audience share.

Total operating costs decreased by 8% in 2012, due to a constant optimisation of MCR's cost structure.

As a consequence, EBITDA for this segment was € 3.0 million (+36% vs 2011), with a margin of 21.3%.

RECORD AUDIENCE GROWTH AND NUMBERS

In 2012, MCR's set of radio stations reached new audience records, registering a share of 32% (+4.8pp on a YoY comparison). The excellent performance during this year was mainly due to Radio Comercial's growth, reaching a share of 21.2%, corresponding to a 35% increase YoY. Also, m80 and CidadeFM had noticable performances along the year, having MCR's new radio formats contributed positively to the Group's result.

In terms of audience reach (AAV), a more interesting metric as it reflects radio consumption, the data was equally encouraging, with MCR going from 18,7% in 2011 to 21.5% in 2012, which is the highest ever, representing around 1.8 million listeners a day. Radio consumption slightly decreased in 2012. Maintaining an audience reach growth trend during 2012, Rádio Comercial stands out in this indicator, leading the market with an AAV of 14.2%. m80 held its position as the #1 radio among the stations with no national coverage, registering and average of 4.2% AAV along the year. As for CidadeFM, it reiforced its positioning on its reference target.

As for the new radio formats, both SmoothFM and StarFM registered good aceptance since their launched, obtaining, respectively, AAV of 0.2% and 0.3%.

DIVERSIFIED AND INNOVATIVE PORTFOLIO

Maintaining its Adult Contemporary Music format, Rádio Comercial has 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 succesfull events.

Rádio Comercial's presence at key musical events throughout 2012 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 artista such as, James Morrison, Keane, Coldplay, Jennifer Lopez, Norah Jones, Gift, Pablo Alboran, Aurea and Amor Eletro. 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 such as Boss AC, David Fonseca, Mónica Ferraz, Aurea and Classificados.

Radio Comercial was awarded "Best Radio" by a recognized publication from media sector and, at the end of the year, received the "Consumer's Choice" award.

Also, m80 kept its investment in proximity to its listeners, sponsoring various events and organizing highly sucessful parties trhoughtout the country. CidadeFM continued to confirm itself as the benchmark station for the younger target audience with a single musical positioning of Current Hits and 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 market niches, both StarFM (music fro the 50's, 60's and 70's) and SmoothFM (jazz music) associated to key music events during 2012, whilst VodafoneFM also increased its on place presence.

Leadership and online growth

Concerning the radio station's presence on the internet, the MCR brand's performance improved 20% in visits and 22% in page views, which represents na increase in MCR's share in digital radio consumption. This growth was hghly supported by Radio Comercial's online results (46% increase in both indicators).

Contonete held its position as the online reference in Portugal for music contents, offering multiple thematic and personal radios. Asides that, Cotonete has a wide variety of audio and video contents, as DJ sets, interviews, live concerts, author programmes, podcast and radio for blogs.

As for social networks, Radio Comercial ended 2012 as the leading media brand on facebook in Portugal. It i salso worth mentioning that, at the end of 2012, the station surpassed 11 million videos.

Internet

INTRODUCTION

The growth of the online market in Portugal has been exponential, not only regarding the number of users and broadband penetration, but also in terms of its use to promote all kinds of businesses. Particular emphasis should be given to social networks and mobile, which have been assuming a growing importance in the digital panorama, a tendency that MCD has been accompanying and exploring.

As a consequence, the weight of the internet segment in the Portuguese advertising market has once again grown.

ACTIVITY EVOLUTION IN 2011

In 2012, MCD consolidated and reinforced its product portfolio, especially through a strong bet on innovation and improvement of its digital contents to multiple platforms and supports, thus assuring their availability for a growing number of users.

During Q2'12 MCM underwent a rebranding (to MCD), which aimed at reflecting and reinforcing its mission and positioning as the Group's digital transformation agent. Also, importante steps were made towards the integration of TVI's and MCD's news and comercial teams, with good results and aceptance from the market.

The activity of MCD and its associates may be analyzed in two distinct areas:

1. Digital Media, in which it participated in the internet advertising market with the main national and international sites, and also offered editorial services which translated into content syndication to external entities;

2. Entrepreneurial services, principally through the company IOL Negócios, which leveraged the IOL network's high traffic and promoted the presence on the internet of over 1.300 companies at the end of 2012.

These two business areas shared a set of central resources held in MCD (business development, management control, technical infrastructure, maintenance team) and services provided by the Media Capital Group).

Digital Media activity

In 2012, multinational competitors increased their presence in the Portuguese market and Social Networking grew substantially. Despite this intensification in the competitive environment, MCD has once again recorded considerable growth in its audiences in terms of page-view and unique user indicators, driven by its efforts to increase traffic, improve audience quality in its site network and stimulate advertising revenues.

MCD has worked daily on its product portfolio, especially through a strong bet on innovation and improvement of its digital contents to multiple platforms (Apple, Nokia, Android, Windows Phone, Windows 8 and Samsung TV) and supports (smartphones, tablets and Smart TV's), thus assuring their availability 365 days per year, at any time, in any place and in the most suitable and comfortable manner for each user. As a result, MCD surpassed 600 thounsand downloads in 2012, corresponding to over 15% of its audience in some of the projects.

MCD also created special apps for MEO, based on TVI's contents.

This, along with a strong dynamics and initiative of MCD's team, allowed for a 22% improvement in MCD's network of sites traffic vs 2011, going from an average of 125 million monthly page views to more than 153 million (Source: netscope), having this indicator been above 277 million in 4Q'12.

In September, MCD launched the 'Secret Story III' site as a result of its partnership with TVI, which quickly became a success, with average monthly audiences of 14 million visits. This helped the TVI network of sites to close the year with collective growth of over 324% versus 2011, maintaining its leading position of their segment in Portugal.

Another highlight was the good performance of the site LUX, which achieved successive audience records, finishing 2012 with 24% growth in visits.

As last, it is also worthmentioning the record number of 100 million video viewed along 2012 and more than 2 million followers on MCD's pages on the social networks.

Regarding online advertising, resulting from the development of contents to new platforms and a close follow of advertisers' needs, 2012 a year of fast-paced innovation and creativity in developing new formats, helping MCD achieve high awareness in this field, both among advertisers and media agencies.

Corporate services activity

In 2012, this operation inverted its tendency in terms of growth, diminishing its client base to around 1,300 (23% less than in 2011). This was largely due to the strong impact of the economic crisis on small and medium-sized companies, the main clients for these services

Activity in 2012

During 2012, MCD launched various initiatives, including the following highlights:

January	New digital presence for TVI: renewd website, apps for Windows Phone, iPad, iPhone and Android
February	Renewall of IOL portal and vídeo partnership with MSN
March	New Push by IOL and Mais Fotos
March	News Social Reading functionalities
April	New AB Motor
May	Video partnership with newspaper Publico
June	Interactive contents of “Morangos com Açucar”
July	New “Ao Vivo” (with real time technology)
August	New apps for SmartTV and Samsung TV
September	Launch of Secret Story III, with direct subscription, facebook voting and mobile contents
October	*App* TVI for Windows 8
November	New site TVI24
December	TVI24’s newsroom webpage

E-*commerce* - Planeo.pt

Launched simultaneously in Spain and Portugal, www.planeo.com is a group buying site, with discounts in leisure, beauty, restaurants, travel and diverse products. Aiming at being one of the leaders in its segment, Planeo already accounts for 300.000 subscribers and more than 1 million monthly views.

Social Responsibility

PRINCIPLES AND VALUES

In 2012, 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.

The impact of the results was not only seen in Portugal, but also in some distant communities, namely the PALOP's (Portuguese Speaking African Countries).

SOCIAL 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.

Solidarity and Social projects

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 2012, 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.

- 42 emissions of the cultural program “Cartaz das Artes” were broadcasted during 2012.
- Maintaining its strong tradition in Portuguese language, and defending national culture and values, TVI assured more than 75% 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 2012, specifically in providing communication space for Instituto do Cinema e Audiovisual (the Audiovisual and Cinema Institute) promoting 9 cinematic works, programming supported by sign language (549 hrs) and programming in Portuguese with additional subtitling (387 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.

The Christmas campaign – offer of Christmas presents to children – organised for the benefit of the Salvation Army, is another successful example of effort mobilisation amongst Group employees to support a social cause. During 2011, supporting initiatives to other entities such as Casa do Gil, Make a Wish Foundation OR, Instituto Português do Sangue have promoted the charitable, giving spirit within Grupo Media Capital, strengthening its commitment to the community.

Throughout the year, Group employees are also called to participate and involve themselves in the various causes supported by the Group's business units, initiatives that are always well received and attract significant levels of participation.

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.

In 2012, Media Capital was awarded by the AEM as the media Group which most fullfils Corporate Governance recomendation, obtaining a "AAA" classification on the rating.

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 to which Grupo Prisa is obliged, Media Capital implemented in 2011 a conduct code that is mandatory and applies to all employees.

It was also implemented 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

During 2012, Media Capital implemented and launched its intranet, a portal aiming at improving communication between the company and the workers and, also, among all of Media Capital's collaborators, while promoting a better Group culture and the information regarding each business unit.

This too lhas been registering good acceptance levels since its launch, being a reference daily source of information.

The intranet is also a fundamental contact point between workers and the Human Resources Department.

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 divulgation of information regarding new product launches and programme schedules (for TVI and radio stations), as well as corporate information.

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 processe 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 troughout the group in the selection of subcontractors or suppliers.

EMPLOYEES

Professional training and other benefits

In 2012, 810 employees of the Grupo Media Capital benefited from 6117 hours of vocational training.

Additionally, Plural is a major contributor to the generation of new professionals in the audiovisual sector in Portugal, trough 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 94 vacancies for trainees in 2012, in the News, Programming, Marketing, Public Relations Multimedia and Production departments. TVI received students from Universidade Católica Portuguesa, Universidade Fernando Pessoa (Porto), Universidade do Algarve, Escola Superior de Coimbra, ISCEM, Vale do Rio and the profissional schools ETIC and Singular Way, 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 2010 there were no acquisitions or sales of own shares, and hence on 31 December 2012 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 2012, by the shareholders who provided information in this regard, amounting to at least, a tenth, a third or half of the share capital are:

- Vertix SGPS, S.A.: 71.576.289 shares, representing 84.69% of the share capital;
- PortQuay West I B.V.: 8.451.318 shares representing 10.00% of the share capital.

List of Qualified Holdings (as of 31 December 2012)

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 2012:

Shareholder	Nº of owned shares	Percentage of share capital	Percentage of voting rights
Vertix SGPS, S.A. (a)	71.576.289	84.69%	84.69% (a)
PortQuay West I B.V. (b)	8.451.318	10.00%	10.00%
Caixa de Aforros de Galicia, Vigo, Ourense e Pontevedra	4.269.869	5,05%	5,05%

a) Vertix SGPS, SA is 100% owned by Promotora de Informaciones, S.A., company under Spanish law. Percentage of voting rights imputable to Vertix, SGPS, S.A. correspondent to the sum of 71.576.289 shares and 8.451.318 shares, under the purchase option reflected in the buy and sell contract celebrated on February 23rd 2011 with PortQuay West I B.V.

b) PortQuay West I B.V. is a company under the Dutch law, controlled by Courical Holding B.V. which is also under the Dutch law and is 100% owned by Partrouge, SGPS, S.A. and Plurimédia, S.A., both controlled by Eng. Miguel Pais do Amaral.

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 2012.

Members of the Board of Directors

			Transactions in 2012			
	Shares	Nº os shares 31-12-12	Acquisitions	Alienations	Unit price (€)	Date
Miguel Pais do Amaral	8.451.318*					
Jaime d' Almeida		0				
Rosa Cullell		0				
Manuel Polanco		0				
Miguel Gil		0				
Javier Lazaro						
Juan Herrero		0				
Pedro Garcia Guillén		0				
Tirso Olazábal		0				
Bo Einar Nilsson	8.451.318*					

(*) Note: Not cumulative. Indirect and joint responsibility, as exposed on the notes of the previous frame.

Statutory Auditor

			Transactions in 2012			
	Shares	Nº of shares 31-12-11	Acquisitions	Alienations	Unit price (€)	Date
Deloitte & Associados, SROC		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 2011, as prepared according to IFRS accounting standards adopted by the European Union, was of Euro 1.228.070,25 Euros (one million two hundred and twenty eight thousand seven thousand euros and twenty five cents).

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 61.403,51 (sixty one thousand, four hundred and three euros and fifty one cents);

a) Distribution of dividends amounting Euro 5.408.843,52 Euros,, corresponding to approximately 45% of the consolidated net result. The distribution of dividends corresponds to a gross dividend per share of Euro 0,064;

b) The remaining net consolidated result amounting to Euro 6.468.815,57 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.

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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.

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. Following his renounce to the mandate as Grupo Media Capital's Director, we would also like to leave a special acknowledgment to Mr. Juan Luis Cebrián, for his valuable contribute to our company.

February 20, 2013

The Board of Directors,

Miguel Pais do Amaral (Chairman)

Rosa Maria Cullell Muniesa (CEO)

Bo Einar Nilsson (Director)

Jaime Roque de Pinho D'Almeida (Director)

Juan Herrero Abelló (Director)

Javier Lázaro Rodríguez (Director)

Manuel Polanco Moreno (Director)

Miguel Gil Peral (Director)

Pedro Garcia Guillén (Director)

Tirso Olazábal (Director)

Corporate Governance Report

INTRODUCTION

The company Grupo Media Capital SGPS S.A. (hereinafter referred as to "Media Capital" or "The Company") encloses this report - dedicated entirely to Corporate Governance - to the 2012 Annual Report and Accounts, in accordance with article 70º of the Commercial Companies Code, with article 245º-A of the Portuguese Securities Code and CMVM Regulations nº 01/2010 on the Corporate Governance of listed companies.

GUINDING PRINCIPLES

Media Capital recognises the importance of good corporate governance in establishing an open and productive relationship between the company's management, stakeholders and shareholders.

Our corporate governance principles are guided by a sense of responsibility to the shareholders, a duty to supply clear and transparent information to all shareholders, the role of the non-executive and independent board members and the board's aim to fulfill its obligations to the shareholders.

The mission is to increase investment value for shareholders through prudent management of the businesses' inherent risks.

Rules and regulations relative to corporate governance, namely the Regulation of the Board and the Conduct Code, are applicable to Media Capital. With the intent of permanently improving internal control and to accomplish legal dispositions applicable to the Group, formal control procedures, risk management and a irregularities communication policies are also implemented.

CHAPTER 0 – DECLARATION OF COMPLIANCE

As a listed company subject to Portuguese personal law, whose shares are issued for trading on Euronext Lisbon, a regulated market, Media Capital is subject to the applicable legal articles under Portuguese jurisdiction, in relation to its articles addressing corporate governance, namely the Commercial Company Code and the Portuguese Securities Code in the form CMVM Regulation no. 1/2010 on governance of Listed Companies. Media Capital also adopts the recommendatory articles given in CMVM's Corporate

Governance Code of 2007, with the alterations introduced in January 2010, available for consultation on the CMVM website.

Promotora de Informaciones, S.A. ("Prisa") which owns (through Vertix, S.G.P.S, S.A.) a participation of more than 80% in Media Capital's capital issued "American Depository Shares" during 2010, which are currently on New York Stock Exchange. This demanded the accomplishment of all the demands resulting from the application of the United States laws applicable to Prisa and its subsidiaries, where Media Capital and its participated companies are included.

Concerning specifically to Corporate Governance, the integral observance of legal dispositions requires a review and harmonization of the internal procedures adopted.

In particular, and in accordance with sections 301 and 806 of the Sarbanes Oxley Act 2001 ("SOX"), a whistle blowing channel assures that any complaint can be directly and anonymously communicated.

Since 2011, Media Capital adopted the Conduct Code, according to good practices in corporate governance and by inherency of the application of the SOX process to Grupo Prisa and, consequently, to Media Capital.

Recommendation / Chapter		Compliance	Description in the report
I. GENERAL MEETING			
I.1 General Meeting Board			
I.1.1 The Chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.		Complied	Chapter I I.1
I.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.		Complied	Chapter I I.1
I.2 Participation at the Meeting			
I.2.1 The prior notice required for the General Meeting Board's receipt of deposit or blocking of shares declarations for participation in the General Meeting shall not exceed five working days.		Complied	Chapter I I.2
I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.		Complied	Chapter I I.2
I.3 Voting and Exercising Voting Rights			

Recommendation / Chapter		Compliance	Description in the report
I.3.1 Companies may not impose any statutory restriction on postal voting, nor, where adopted and permitted, electronic voting.		Complied	Chapter I I.2
I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.		Complied	Chapter I I.2
I.3.3 Companies must reflect proportionality between voting rights and the shareholder's holding, preferably through statutory decree providing for the one share/one vote principle. Companies taking the following actions are not in compliance with proportionality: i) offer shares that do not confer voting rights; ii) decree that voting rights above a certain number are not counted, when held by just one shareholder or by shareholders related to it.		Complied	Chapter I I.2
I.4 Quorum and Resolutions			
I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by Law.		Complied	Chapter I I.2
I.5 Attendees List, Minutes and Information on Resolutions Passed			
I.5.1 The minutes of the General Meetings, or documents of equivalent content, must be made available to shareholders on the company's website within five days of the meeting, even though they do not constitute privileged information. The information available must include the decisions made, the capital represented and the results of votes. This information must remain on the company website for a three-year period.		Complied	Chapter I I.2
I.6 Measures on Corporate Control			
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. In observance to this principle, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting, (5 year intervals, at least) on whether that statutory provision is to prevail – without super quorum requirements as		Complied	Chapter I I.3 and I.4

Recommendation / Chapter		Compliance	Description in the report
to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.			
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.		Complied	Chapter I I.4
II. MANAGEMENT AND SUPERVISORY BOARDS			
II.1. General Points			
II.1.1. Structure and Duties			
II.1.1.1 The Board of Directors shall assess the adopted model in its governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.		Complied	Chapter II Section I
II.1.1.2 Companies shall set up internal risk control and management systems to detect and manage risk by protecting its assets and keeping its corporate governance transparent. Those systems must include, at least, the following elements: i) the setting of the company's strategic objectives regarding taking on risk; ii) the identification of the main risks associated with the specific business and the events liable to create risks; iii) analysis and measuring of the impact and the probability that each potential risk will occur; iv) risk management with a view to aligning risks incurred to the company's strategic decisions on acceptable risk levels; v) mechanisms controlling implementation of risk management measures adopted and their effectiveness; vi) adoption of internal information and communication mechanisms on the various system components and risk alerts; vii) regular evaluation of the system implemented and adoption of modifications that prove necessary.		Complied	Chapter II Section I – II.I.3
II.1.1.3. The Board of Directors must ensure that internal control and risk management systems are created and are fully functional. The Supervisory		Complied	Chapter II Section I – II.I.3

Recommendation / Chapter		Compliance	Description in the report
Board assumes responsibility for evaluating whether these systems are fully functional and proposes adjustments to them to address the company's needs.			
II.1.1.4 Companies must perform the following actions in their annual report on corporate governance: i) identify the main economic, financial and legal risks to which the company is exposed in operating its business; ii) describe the performance and effectiveness of the risk management system.		Complied	Chapter II Section I – II.I.3
II.1.1.5 The Board of Directors and Supervisory Board shall have rules of working which must be published on the company website.		Complied	Chapter II Section I – II.I.4
II.1.2 Governance Incompatibility and Independence			
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.		Complied	Chapter II Section I – II.I.1
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Directors.		Not complied Two of the eight non executive Directors are independent and are also part of the Auditing Committee.	Chapter II Section I – II.I.1
II.1.2.3 The evaluation of the independence of its non-executive members by the Board of Directors must take into account the laws and regulations in place on independence requirements and the incompatibility framework applying to members of other company bodies, ensuring that the independence criteria are applied systematically to the company as a whole within the correct timeframe. No independent administrator may be considered that could not take on that role in another company body due to applicable regulations.		Complied	Chapter II Section II and Section IV
II.1.3 Eligibility Criteria and Nomination			
II.1.3.1 Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out its duties.		Complied	Chapter II Section I – II.I.1 and Section II

Recommendation / Chapter		Compliance	Description in the report
II.1.3.2 The process for selecting non-executive director candidates must be designed to prevent the interference of Board Members.		Complied	Chapter II Section I – II.I.1 and Section II
II.1.4 Policy on the Reporting of Irregularities			
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.		Complied	Chapter II Section IV – IV.3
II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.		Complied	Chapter II Section IV – IV.3
II.1.5 Remuneration			
II.1.5.1 Remuneration of the members of the Board of Directors must be structured to ensure their interests are aligned with the company's long-term interests, based on evaluating performance and disincentivising excessive risks. To this end, the remunerations should be structured as follows: (i) The remuneration of Directors carrying out executive duties should include a variable component determined according to a performance evaluation, made by the appropriate company bodies, using defined measurement criteria, which analyses the company's real growth and the wealth effectively created for shareholders, its long-term sustainability and the risks assumed, as well as compliance with the rules applying to the company's business. (ii) The remuneration's variable component must be reasonable overall in relation to the fixed component, and maximum limits must be set for all the components. (iii) A significant part of the variable remuneration must be deferred for a period not less than three years, and its payment must depend on the continuation of the company's positive performance over that period. (iv) The members of the Board of Directors must not sign contracts, either with the company, or with third parties, which have the effect of mitigating the risk inherent in the variability of remuneration that is fixed for them by the company.		Not complied The variable remuneration is deferred for a period of one year, being its payment dependent on the positive performace of the Company over that same period.	Chapter II Section IV – IV.1

Recommendation / Chapter		Compliance	Description in the report
(v) Until the end of their term, executive Directors must ensure company shares which formed part of variable remuneration are maintained below the limit of twice the value of total annual remuneration, except those that need to be divested with a view to payment of tax arising from income from those shares. (vi) When variable remuneration includes the award of options, the start of the exercise period must be deferred for a period not less than three years. (vii) Suitable legal instruments must be established so that the compensation set for any form of removal of the Director from the post without just cause is not paid if the removal or cessation by agreement is due to the inadequate performance of that Director. (viii) The remuneration of the non-executive Directors of the Board must not include any component whose value depends on the performance or value of the company.			
II.1.5.2 The declaration on the remunerations policy for the Board of Directors and Supervisory Boards relating to article 2 of Law no. 28/2009, of 19th June, must contain sufficient information about the following, as well as the content mentioned in that law: i) which groups of companies whose remunerations policy and practice were used for comparison in setting remuneration; ii) the payments regarding the removal from post or cessation by agreement of the Directors' functions.		Complied	Chapter II Section IV – IV.1
II.1.5.3 The remunerations policy declaration referred to in article 2 of Law no. 28/2009 must also cover remunerations of managers accepting no. 3 of 248-B of the Securities Code and whose remuneration contains an important variable component. The declaration must be detailed and the presented policy must take into account the company's long-term performance, the compliance with standards applying to the company's business and the containment of risks taken.		Complied	Chapter II Section IV – IV.1
II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of		Not applicable During 2007, the Board of Directors of Media Capital Group, along with the Company	Chapter II Section IV – IV.1

Recommendation / Chapter		Compliance	Description in the report
the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.		Body Appointment and Remuneration Committee and the Director Appointment and Remuneration Committee, decided to terminate the Stock Option Plan, which had been approved in 22 April 2005.	
II.1.5.5 At least one representative of the remunerations committee shall be present at the Annual Shareholders' General Meetings.		Complied	Chapter II Section V
II.1.5.7 The aggregate and individual amounts received in other companies of Grupo Media Capital and the pension benefits acquired during the financial year, should be published in the Annual Corporate Governance Report.		Complied	Chapter II Section IV.2
II.2. Board of Directors			
II.2.1 Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance.		Complied	Chapter II Section II
II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.		Complied	Chapter II Section II
II.2.3 Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these		Not applicable	Chapter II

Recommendation / Chapter		Compliance	Description in the report
mechanisms to the shareholders in the corporate governance report.			
II.2.4 The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.		Complied	Chapter II Section II
II.2.5. The company must make explicit their policy of rotation of roles on the Board of Directors, specifically the responsibility for finance, and provide information about it in the annual report on corporate governance.		Not applicable The Company didn't adopt any rotation policy among its Directors, namely regarding the responsible of the financial area.	Chapter II Section II
II.3 Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors			
II.3.1 When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.		Complied	Chapter II Section II
II.3.2 The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, when applicable, to the Chair of the Supervisory Board or the Auditing Committee.		Not applicable The Company does not have an executive committee.	Chapter II
II.3.3 The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.		Not applicable The Company does not adopt the governance model that incorporates the general and supervisory board.	Chapter II
II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Audit Board			
II.4.1 Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic		Not applicable The Company does not adopt the governance model that incorporates the general and supervisory board.	Chapter II

Recommendation / Chapter		Compliance	Description in the report
due to the amounts, risk and particular characteristics involved.			
II.4.2 The annual reports on the work of the General Board, the Supervisory Board, the Financial Affairs Committee, the Auditing Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.		Complied	Chapter II Section III
II.4.3 The annual reports on the work of the General Board, the Supervisory Board, the Financial Affairs Committee, the Auditing Committee and the Audit Board shall include a description of supervisory activity and shall mention any restraints that they may have faced.		Complied	Chapter II Section III
II.4.4 The General Board, the Supervisory Board, the Auditing Committee and the Audit Board, according to the model applicable, shall represent the company for all purposes at the external auditor, and shall propose the services supplier and the respective remuneration, and ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.		Complied	Chapter II Section III
II.4.5 According to the applicable model, the General Board, the Supervisory Board, the Auditing Committee and the Audit Board shall assess the external auditor on an annual basis and advise the General Meeting that it be discharged whenever there is just cause.		Complied	Chapter II Section III
II.4.6. The internal audit services and those ensure compliance with the standards applicable to the company (compliance services) must report to the Auditing Committee, the General Board and the Supervisory Board, or, in the case of companies adopting the Latin model, an independent Director or the Audit Board, irrespective of the hierarchical relationship that those services hold with the executive administration of the company.		Complied	Chapter II Section III
II.5. Special Committees			
II.5.1 Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory		Complied	Chapter II Section V

Recommendation / Chapter		Compliance	Description in the report
Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing Committees; (ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement; iii) identify potential candidates in good time with the high profile needed to undertake the responsibilities of Director.			
II.5.2 The remuneration committee members or equivalent must be independent regarding the members of the Board of Directors and must include at least one member with knowledge and experience on remuneration policy matters.		Not complied The Nomination and Remuneration Committee of the Board is composed by a majority of non independent members.	Chapter II Section V
II.5.3. No individual or company may be appointed to support the Remunerations Committee in carrying out its duties which provides or has provided services in the last three years to any body dependent on the Board of Directors, or to the Board of Directors itself or which currently has a relationship with the company's consultant. This recommendation also applies to any individual or company that is related to the former by work or service provision contract.		Complied	Chapter II Section V
II.5.3 All the Committees shall draw up minutes of the meetings held.		Complied	Chapter II Section V
III. INFORMATION AND AUDITING			
III.1 General Disclosure Duties			
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.		Complied	Chapter III III.11
III.1.2 The following information that is made available on the company's Internet website, shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the		Complied	Chapter III III.11

Recommendation / Chapter		Compliance	Description in the report
Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting; h) Notices convening meetings.			
III.1.3. The companies must rotate the auditor after two or three terms, depending on whether these last for four or three years respectively. Maintaining the auditor beyond this period must be based on a specific opinion from the Supervisory Board that expressly analyses the auditor's independence conditions and the advantages and costs of replacing it.		Complied	Chapter III III.12
III.1.4. As part of its remit, the external auditor must ensure the remunerations policy and systems, the effectiveness and functioning of the internal control mechanisms are applied and must report any failure to the company's Supervisory Board.		Not complied Partially fulfilled with regard to the analysis of the effectiveness and the verification of the functioning of the internal control mechanisms.	Chapter III III.12
III.1.5. The company must not contract services other than auditing services from the external auditor, nor any entities that are in a subsidiary relationship with it or that participate in the same network. Where there are reasons for contracting these services – which must be approved by the Supervisory Board and made explicit in its annual report on corporate governance – they should not have more than 30% of the total value of services provided to the company.		Not complied The Company hired several services that represented more than the referred 30%	Chapter III III.12
IV. CONFLICTS OF INTEREST			
IV.1 Relationships with shareholders			
IV.1. Share-trading by the company with shareholders owning a qualifying stake, or with entities that have relationships with the latter, under the terms of article 20 of the Securities Code, must take place under normal market conditions.		Complied	Chapter III III.9

Recommendation / Chapter		Compliance	Description in the report
IV.1.2 Significant share-trading with shareholders owning a qualifying stake, or with entities that have a relationship with the latter, under the terms of article 20 of the Securities Code, must be submitted for prior opinion by the Supervisory Board. This body must set out the procedures and criteria needed for defining the significance level for these trades and the further terms of its intervention.		Not complied The Company's Supervisory Board did not intervene in the approval of operations performed by holders of qualifying stakes or companies in a holding or group relationship due to their being performed under normal market conditions.	Chapter III III.9

CHAPTER I – GENERAL MEETING

I.1 Composition, term and remuneration

The members of the General Meeting Board for the present mandate (2012/2015) were designated on the Company's annual General Meeting, occurred on March 21st 2012. The members of the General Meeting Board are:

PRESIDENT: Mr Pedro Canastra de Azevedo Maia, PhD student in Legal-Business Sciences, of Vila do Conde, domiciled in Alameda Infante D. Pedro, number 56, in Coimbra.
VICE-PRESIDENT: Mr Tiago Antunes da Cunha Ferreira de Lemos, Attorney, of Lisbon, domiciled in Rua da Arrábida, 54, 2º Esq., in Lisbon.

The members of the Board of Directors are assisted by the Company Secretary.

The members of the General Meeting Board are remunerated through a fixed amount, defined according to the market remuneration for similar duties. During 2012, the members of the General Meeting Board were remunerated for their presence and intervention in the Media Capital Annual General Meeting, held on 21 March 2012. The remuneration of the President of the General Meeting Board came to EUR 1, 500,00 and the remuneration of the Vice President came to EUR 750,00.

The members of the General Meeting Board have the proper human and logistical support for their needs, given the company's financial position, using the support of the Secretary of the Company and the Company's in-house legal advice for the purpose. The Company also provides the essential technical advice through the development of software, with the purpose of vote counting and ballot during the General Meeting.

I.2 Shareholder Participation

Voting and exercising of voting rights

The Shareholders' General Meeting is composed of the shareholders that, five business days prior to the scheduled Shareholders' General Meeting, have at least one hundred (100) shares representing the Company's share capital, registered on their name at the book-entry securities' account opened with a financial intermediary. The proof of the ownership of the shares is performed upon sending a declaration issued by the financial intermediary of the sharing account register, to the attention of the President of the General Meeting Board, with an advance period of five days to the date of the meeting, and must include that the shares in question are registered in the respective account since at least the fifth working day, counting from the date of the meeting.

The Media Capital Company Contract does not provide for share-blocking for the purposes of shareholders' participation at the General Meetings, and is not applicable where the General Meeting is suspended.

Pursuant to Company's Articles of Association, each group of one hundred (100) shares, with a nominal value of EUR 1,06 (one euro and six cents) per share, is entitled to one vote. Shareholders holding less than one hundred shares representing the Company's share capital may only intervene and participate in the Shareholders' General Meeting if they group themselves in order to reach said minimum number of shares, in which case they will be represented by one of them. The Company recognises that the Company's shareholders are duly availed of the possibility to participate and intervene, given the low nominal value of the shares and the shareholder's ability to form a group for voting, as set out in article 11 of the Articles of Association.

The Company does not set any limit on the number of votes that may be held or exercised by a single shareholder, whether individually or together with other shareholders related with it.

The Articles of Association do not set out the existence of shares that do not confer voting rights or that establish that rights above a certain number are not counted when held by a single shareholder.

Quorum

Concerning the article number 15 of the Memorandum of Association, the Meeting Board can deliberate upon the first call, in case of the presence or representation of shareholders with voting rights, holding at least one third of the social capital shares.

The Meeting Board deliberations will be taken by the majority of the votes confirmed in each meeting, without prejudice of the cases when the law requires a qualified majority, such as the case of the approved changes to the Memorandum of Association, pursuant to the article number 386 of the Commercial Company Code.

Vote by mail

The article number 11 of the Memorandum of Association of Media Capital defines that the shareholders can exercise their vote by mail. The vote by mail must be addressed to the Presiding Officer and delivered in person to the Company, or received with an advance of at least three working days before the date of the meeting. The vote by mail is confidential until the voting moment and will be considered as a negative vote, according to the proposals of the deliberation presented after the voting.

The exercise of the vote by mail must be performed by postal ballot paper, supplied on the Company's website (http://www.mediacapital.pt), and after duly filed and signed, must be inserted inside a sealed envelope, addressed to the head office of the Company, with a copy of the subscriber's identification document, and with a document certificating his authority.

Vote by telematic means

The Company's Articles of Association does not forbid the participation on Shareholders' General Meeting by telematic means, as the Company is able to ensure their authenticity and the security of the communications.

During 2012 the vote by telematic means to the annual Meeting Board was not implemented, as the Company has considered that the vote by mail ensured the access of all the shareholders to participate in the decisions under deliberation.

Minutes of General Meetings

The minutes of the meetings of the Company's Meeting Board are available to the shareholders on the Company's website within 5 (five) days after its completion.

The company website (http://www.mediacapital.pt) has an archive of the company's financial information for prior years, as well as information relating to General Meetings, namely the order of business, proposals, decisions and results of votes regarding those meetings, for 3 (three) years prior.

Presence at General Meetings

The Company's General Meetings featured the members of the Board of Directors, the Auditing Committee and the Official Auditor of the Company Accounts. All the members of the Committees making up the company are also invited to appear at General Meetings, and have been present at most of the General Meetings held to date.

I.3 Intervention of the General Assembly

The Company submitted the remuneration policy for its Board of Directors, Supervisory Board and other company managers for approval by the General Assembly Meeting held on 21 March 2012, which were approved unanimously by the shareholders.

The performance evaluation of the Board of Directors and other managers was made by the competent Committees.

Since 2007, the Company has not offered share and/or share options, or awards based on share price variations, to members of the Board of Directors, the Supervisory Board or other managers. Furthermore, the Company does not offer a pension benefits system which benefits the members of the Board of Directors, Supervisory Board or managers, due to which none was submitted for deliberation by the General Assembly.

The Articles of Association do not contain statutory articles which set the limit of the number of votes liable for ownership or exercise by a single shareholder acting individually or with others, due to which the duty of subjecting the maintenance or elimination of the respective statutory standard every five years for deliberation at the General Meeting does not apply.

I.4 Measures concerning the control of the Companies

The Company has not adopted measures or rules in order to prevent the success of take-over bids, by the approval of any statutory provisions or any other measures adopted by the Company.

In 2012 were not adopted any protecting measures in order to cause severe damages to the heritage of the Company, in case of the transition of the Company control, or in case of changes in the composition of the Board of Directors.

As far as the Management Board is aware, the Company did not make any significant agreements to become in force or to be changed case of changes to the control of the Company. Some of the financing agreements hired by Grupo Media Capital with the national banks forsee prepayment in case of significant changes in the control of the society regarding terms and conditions usually practiced in the banking market.

As far as the Management Board is aware, the Company did not make agreements with the holders and managers of the board of directors that foresee compensations in case of resignation, dismissal without just cause, or cession of the working relation after a change of the Company control.

CHAPTER II ADMINISTRATIVE AND SUPERVISING BODIES

Section I – General Items

Media Capital adopts the Anglo-Saxon model as its management and supervisory structure, as set out in (b) of no. 1 of article 278 of the Company Code, that is, the management and supervisory structure comprising a Board of Directors, a Supervisory Board and an Official Auditor.

The Board believes that the model adopted is the right one for the correct running of the company and its company bodies, considering the business operation and its size, finding no restraints in its functioning.

II.I.1 Composition of Company Bodies

Board of Directors

The Board of Directors is responsible for the management and representation of the company. Its main responsibilities are to define the company's strategic guidelines, monitor the implementation of such guidelines and supervise the financial health of the company. The criteria governing the Board's activity at a given moment will be compliance with the company objective, the defense of the company's long-term viability and the development of real value, safeguarding the identity, the professional and ethical principles.

The CEO, the Managing Director and senior management are responsible for the day to day operations developed by the Media Capital Group.

The Memorandum of Association of Media Capital defines that the Board of Directors must be composed by a minimum of 7 (seven) members and a maximum of 11 (eleven) members, elected by the Meeting Board every 4 (four) years, and re-eligible one or more times.

In order to ensure a majority of independent members in the Auditing Committee, the Board of Directors included two (2) or more independent members, and includes six (6) non-executive members, in order to ensure the effective ability of the follow-up and evaluation of the executive members' activity. The society considers that the designtation of the independent members is by itself an assurance of the necessary proportion according to the governance model adopted, which is enough if taking its capital structure into account.

The Board of Directors comprises an Auditing Committee, which has responsibility over the company's auditing, along with an Official Auditor.

The Board members for the 2012/2015 term, were appointed at Media Capital's Annual General Meeting of 21th March 2012, having its composition been altered by cooptation of one of the members by the Board of Directors on December 21st, 2012.

At the referred General Meeting the composition of the Board of Directors was fixed in ten (10) elements.

The following are current Board members:

<u>Presidente:</u>		
Miguel Maria de Sá Pais do Amaral	Não executivo	
<u>Vogals:</u>		
Rosa Cullell	Executivo	
Miguel Gil	Executivo	
Bo Nilsson	Não executivo	
Jaime Roque de Pinho D'Almeida	Não executivo	Independente
Javier Lázaro Rodríguez	Não executivo	
Juan Herrero	Não executivo	
Manuel Polanco	Não executivo	
Pedro Garcia Guillén	Não executivo	
Tirso Olazábal Cavero	Não executivo	Independente

Auditing Committee

The Auditing Committee is composed by non-executive members of the Board of Directors, being composed by a majority of independent members, under the terms of the article number 423-B of the Commercial Company Code. The Auditing Committee is composed by a minimum of three and a maximum of five members of the Board of Directors.

The members of the Auditing Committee for the mandate of 2012/2015, were appointed jointly with the other members of the Board of Directors in the annual Meeting Board of Media Capital, held on 21st March 2012. The Auditing Committee is composed by the following members of the Board of Directors:

<u>President of the Auditing Commitee:</u>		
Tirso Olazábal Cavero	Non executive	Independent
<u>Members of the Auditing Commitee:</u>		
Jaime Roque Pinho D’Almeida	Non executive	Independent
Pedro Garcia Guillén	Non executive	

The exercising members have the proper skills to the performance of their duties.

II.I.2 Competence of the Board

Organizational Structure

As regards its organization, the Media Capital Group is structured in business areas, corresponding to the different media markets in which it operates – Television, Audiovisual Production, Radio, Entertainment, Internet and other businesses.

Being the Group's holding, the company Grupo Media Capital, SGPS, S.A. is responsible for its strategic development, namely regarding its expansion process, as well as for the global management of all the different business areas, playing a leading role in the decision making process. In 2012, Media Capital maintained the organization and structure created in 2011, the Executive Committee and the Business Committee, composed by all Media Capital's managers that directly report to the Board of Directors. Both these committees meet on a regular basis and serve as a support to the CEO's management.

Each business area works in accordance with autonomous current management principles, according to the criteria and orientations that derive from each area's Annual Budget, reviewed and approved by the respective business areas and by Media Capital's Board of Directors, in which the strategic, operational and investment orientations of the various businesses are decided upon in a participative and interactive manner. The operational functioning is regulated within a management control system led by the holding, where the use of the budget is, permanently, under control.

In order to adequately exercise its functions, the Media Capital Group operates various functional structures, held in the company itself and in subsidiaries, that support the Group's management, which are grouped in Media Capital Serviços, S.A. (a company 100% held by Media Capital). The aim of these structures is not only to provide the holding with tools to support operational decisions, but also to render management and consulting services to the whole Group and respective business areas, with regard to administration and financial services, commercial and marketing, human resources, planning and control and information systems areas.

II.I.3 Internal Control and risk management

Media Capital's Board of Directors believes that it is essential to implement systems that allow the Company to:

(i) Identify the risk it faces.
(ii) Measure the impact on the financial performance and on the value of the Company.

(iii) Compare the value at stake with the costs of the hedging instruments, if available.
(iv) Control the evolution of the identified risks and the hedging instruments.

According to the terms of section 404 of SOX, the internal control procedures implemented in Grupo Media Capital intend to minimize the impact of the existing risks in Media Capital and in all its stakeholders.

The Board believes that the risk control systems chosen are adequate for the risks to which Media Capital is exposed, ensuring potential risks are detected effectively and action taken effectively should they occur. As the body responsible for defining the company's general strategic principles, particularly the approval of strategic or business plans, management objectives, budget and financial projections, the Board of Directors holds regular follow-ups of the internal information and risk control systems, ensuring these events are identified, acting and managing risks in conjunction with the relevant business units, as described in this Report.

Competences

During 2012, the Board of Directors continues to coordinate its activity with the Auditing Committee in terms of the functioning of the internal control and risk management systems, so that the Auditing Committee may evaluate the functioning of the systems adopted and suggest adjustments according to the company's needs, in line with CMVM’s recommendation.

The Auditing Committee defined as a primary commitment the supervision of the mechanisms to evaluate and manage risks and opportunities that affect its businesses, supported by an integrated and transversal management model, implementing good practices of Corporate Governance and transparency when communication to the market or its stockholders.

The following competencies are attributed to the Executive and Business Committees:

- Management of risk of material relevance;
- Implementations and operation of the necessary procedures in order to assure adequate risk control;
- Evaluation and quantification of the residual risk to which the Companies are exposed;
- Identification of the critical areas of exposition and presentation of mitigation actions;
- Providing new inputs to the risk management model.

This strategic management tool is a relevant part in Internal Control and Change Management in Media Capital, allowing to respond to legislation demands and reinforcing the need to evaluate and manage the risks affecting all business units.

Methodology

Risk management methodology adopted by Grupo Media Capital follows the COSO (Committee of Sponsorship Organizations of the Treadway Commission) international approach, conceived by the Committee of Sponsorship Organizations. The following structure represents the processual flow of the methodology:

- Identification and priorization of the internal and exogenous risks that might affect in a material relevant manner the prosecution of the Group's strategic goals;
- Identification and approval of the Risk Managers, responsible for the evaluation of the relevant risks;
- Meetings with the operationals responsible for managing each risk, in order to identify risk factors and events that might affect Media Capital's operations and activities, as well to identify processes and mechanisms of control;
- Measurement of the impact and probability of occurrence of each risk factor and evaluation of the respective response (eliminate, reduce, transfer or accept);
- Monitoring of the risk mitigation actions previously defined, as well as the exposition to critical risks and identification of new risk factors. Internal information and communication mechanisms on the system and risk alert are also adopted;
- Utilization of the results and information generated by Risk Management System to communicate to the market and stockholders the critical risk factors that might affect Media Capital's operations.

Identification

The Media Capital Group faces three types of operating risks, inherent to its businesses: regulatory, financial and operational.

i) Regulatory

Risks

Like other operators in the Portuguese media industry, the Media Capital Group is subject to a number of laws, regulations and directives that limit the manner in which Media Capital Group may conduct its operations. Current laws, regulations and directives govern, amongst others, the issuance, renewal, transfer and ownership of television and radio broadcasting licenses, the timing and content of television and radio programming, the timing and amount of commercial advertising that may be broadcasted in a given period and the content of advertising that may be broadcasted or displayed.

Risk Control

The Regulatory Authority for the Media (Entidade Reguladora para a Comunicação Social, hereinafter referred to as the "ERC") is vested with the authority to issue and to renew television broadcasting licenses. All existing free-to-air television broadcasting licenses were issued for 15 years in 1992 and may be renewed for additional 15-year period upon request by the relevant holder, provided that certain conditions are met.

ERC issued, on 20 June 2006, its Deliberation 1-l2006, regarding the renewal of the SIC and TVI television broadcasting licenses, for a 15-year period, with regard to the programme services known, respectively, as "SIC" and "TVI". Following the special administrative procedure contesting the binding obligations arising from the license, ERC issued a new deliberation (2/LIC-TV/2007) on 20 December 2007, in which it reinforced the content of its 1-L2006 deliberation, but changing some of its specific aspects.

Currently, Radio licenses are issued for 15 years which may be renewed for additional 15-year period upon request by the relevant holder, as disposed in Law 54/2010, 24 December that approves Radio Regulamentation, provided that certain conditions are met. Recently, the regional license for Radio XXI Lda and local license for Radio Cidade, SA were renewed. The requests for renewal were submitted to the ERC six months prior to the expiry of the term of the licenses. Media Capital considers that it is very unlikely that the renewal request will be rejected if the conditions for its awarding are complied with. The board of the Media Capital Group and the operating unit are responsible for monitoring the requirements for licenses and the dealings between the Media Capital Group and the regulatory authorities.

ii) Financial

The financial risk management is a responsibility of the Media Capital Group business units, being its monitoring assured by the Business and Executive Committees. The risk management is structured by identifying the general risks and a their prioritization, in order to develop the adequate measures and strategies to minimize the exposure to critical risks and to adopt procedures and internal risk control measures that are adequate to reduce the risk to levels that are considered, in the management board opinion, as acceptable.

Media Capital Group businesses are also influenced by a group of risks, with a higher or lower capacity of being monitored and minimized by the management control. Facing this reality, internal controls on financial area have been developed in order to manage and control the group of risk facts which are hereby described:

Market risk

Market risks relate to changes in interest and exchange rates.

(i) Interest rate

Interest rate risk relates essentially to the variable interest rate to which the commercial paper program is subject. In order to reduce the level of risk to which the Group is exposed, Media Capital contracted a hedge which fixes the range of variation of the 1 month Euribor rate with a cap of 4.99% and a floor of 3.25%. On December 31, 2012, total debt is exposed to exchange rates variations, having a derivate finantial instrument reached its maturity on December 20, 2012

The Company's sensitivity to changes in interest rates along the year was partially limited by the above hedging instrument, which was recorded at market value determined by reference to valuations made by independent entities. Nevertheless, internal politics regarding the management of this type of risk does not include interest rates, once the Company considered that the exposure to this risk would not have a significant impact, according to what is exposed in the annex to the accounts.

(ii) Exchange rate

The exchange rate risks are essentially related to the investment in Plural Entertainment Inc., as well as with the denominated debt in currencies other than Euro, the Group's reporting currency and with the buying and selling of contents/rights in a currency other than the Group's.

The Company is also subject to exchange rate risk on future transmission rights contracts to be entered into, for which hedging instruments are not contracted.

Credit Risk

Credit risk relates essentially to accounts receivable resulting from the Group's operations, which the Group endeavors to reduce through its policy of financial discounts for early or cash payment. This risk is monitored on a regular basis for each of the Group's businesses with the objective of:

- limiting credit granted to clients considering their profiles and age of the receivable;
- monitoring evolution of the credit level granted;
- analyzing the recoverability of amounts receivable on a regular basis.

Impairment loss on accounts receivable is determined considering:

- aging analysis of accounts receivable;
- risk profile of the client;
- financial condition of the client.

The Board of Directors believes that the estimated impairment losses are adequately provided for in the financial statements. Te Company believes that there is no need to increase the impairment losses of accounts receivable more than the amounts shown. In addition, the financial discount allowed for early or cash payment serves as a measure to reduce the credit risk of the Group's various businesses.

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 has endeavored to maintain a liquid position and average debt maturities that enable it to repay debt on adequate terms.

iii) Operational

Several operational and business risk factors affect Grupo Media Capital, its companies, human resources, information systems and strategy. The following main risks were identified:

Economic environment	Technological evolution	Talent retention
Audience loss	Content piracy	Legal and Fiscal
Consumer trends	System integrity	Fraud

Accordingly to the above established and identified, Grupo Media Capital defined a formal structure to identify and mitigate risks through is internal control system, created based on the international model COSO, with three defined levels:

- Entity Level controls
- Information Technology Controls
- Process Level Controls

The Board of Directors and the Auditing Committee are responsible for establishing, evaluating and monitoring the effectiveness of its internal control of the financial reports and its communication, by supervising the Executive and Business Committees. It is its goal to maintain an internal control adequate to the identified risks.

The formal internal control structure, based on procedures and internal control manuals, intends to document and standardize the procedures accomplished by the different functional areas, assuring the update of the process and procedures followed by Media Capital's business units, thus contributing to an efficient internal control structure, adequate to the Grup.

For each cycle and transactions Grupo Media Capital has controls, formalized ate the above mentioned manuals. Control manuals are periodically revised to ensure they are up to date regarding the constant evolution in the Group's transactions, assuring the change is securely managed. Its effectiveness is annually tested and evaluated by an independent authority. Its structure is as follows:

Entity Level Controls:

- Internal control environment
- Risk evaluation
- Information and communication
- Monitoring
- Control activity

Information Technology Controls:

- Access and occurencies control
- System information controls

Process Level Controls:

- Revenue management
- Rights management
- Human resources management
- Assets management
- Tax management
- Balance sheet management
- Liquidity management
- Accounts receivable management
- Accounts payable management
- Consolidation and reporting management
- Litigation and contingency management

Among the Executive and Business Committees objectives, in support to the Board of Directors and under the Auditing Committee's supervision, are:

- Assist Media Capital in identifying risk areas that are fragile or lack internal control procedures;
- Propose and contribute to the implementation of best practices;
- Monitor and optimize businesses performance;
- Minimize error risks, fraud or inadequate use of the Companie's assets;
- Assure the reliability of the financial and operational information transmitted to the Board;
- Creating consistent practices, politics and operational and accounting procedures.

In response to the challenges the diverse areas of actuation of Grupo Media Capital represent, and in order to assure adequate and effective procedures and internal control mechanisms of the different business areas, Grupo Media Capital has an Internal Auditing department, responsible for monitor financial and operational risks.

II.I.4 Regulations

The Company's Board of Directors approved on 12 March 2009, an Operating Regulation, amended by decision of the Board of Directors on 12 February 2010, which is available on the company website. This regulation also applies to the Auditing Committee, since it is a part of the Board.

Section II – Board of Directors

The Board of Directors is appointed or replaced as provided in the Commercial Company Code.

Within the appointment of the Board of Directors, a group of shareholders with more than tem per cent of the shares and with less than twenty per cent of the Company's social capital may still propose to the Meeting Board the election of a Director as a representative of the minorities, according to the numbers 2 to 5 of the Article number 392 of the Commercial Company Code, and as provided in the article number 19 of the Memorandum of Association.

The appointment proposals for Directors submitted by the Board of Directors to the General Meeting, and the appointment as replacement by the Board must, according to the Board Ruling, be preceded by the respective report from the Corporate Governance and Managing Staff Remuneration Committee, and in case of appointment of independent directors, their appointment must be proposed by the Corporate Governance and Managing Staff Remuneration Committee (made up of non-executive members of the Board of Directors). The Company Body Appointment and Remunerations Committee may present appointment proposals for Directors to the General Meeting.

The president of the Board of Directors is designated by the General Meeting Board. In the absence of this designation by the General Meeting Board, the President can be elected by the Board of Directors. The Board may appoint one or more Vice-Presidents, who will replace the President should he or she be unavailable, regarding the operational work of the Board of Directors.

The article number 19 of the Memorandum of association provides the possibility to replace a Director under the law, and if the Board of Directors declares the definitive default of such Director, in case of unjustified absence to more than 3 (three) meetings of the Board of Directors during a financial year. According to the Board Regulation, the Directors are relieved of their duties in the mandate for which they were appointed or when the General Meeting decides, in the use of its attributes, conferred by law or statute; the Directors must place their responsibilities at the disposal of the Board and formalise, if this is deemed convenient, the corresponding resignation in the cases specified in that Regulation (namely, when they find themselves in a certain situation of incompatibility or ban as set out by law, when due to harmful action a rectification order has been put forward and of appointment of a hearing date (set out in the Penal Code), due to accusation and/or indictment for committing a crime punishable with a prison sentence of over five years, when the circumstances by which they were appointed come to an end, in particular, when an independent director loses its independence). The Board of Directors is prevented from proposing the discharge of an independent member before the term for which he or she was appointed is complete, except in the case of just cause, as designated by the Board after prior opinion from the Corporate Governance and Managing Staff Remunerations Committee.

The company's Board of Directors is made up of two executive members and eight non-executive members, with the President of the Board of Directors non-executive. Of the members making up the Board of Directors, two are considered independent, according to article 414 of the Commercial Company Code, fulfilling the rules given in article 414-A of the Commercial Company Code. The other non-executive members of the Board of Directors do not fulfill the rules set out in that article, regarding incompatibilities, since those are not applicable to them.

Delegation of powers

Concerning the management of the delegation of powers, the Board of Directors has approved, by deliberation of the Board of Directors on the 21 July 2012, the delegation of powers of day-to-day management of the Company to the Director Dra Rosa Maria Cullell Muniesa, as provided in the article number 22 of the Memorandum of Association.

The Board of Directors has delegated to the Chief Executive Officer the delegated powers pursuant to the law and in the operating rules approved by the Board of Directors, including the day-to-day management powers of the Company, namely (i) limited to the amount of EUR 4.000.000,00 (four million euros), to make, to change or to cancel service contracts, licensing, cooperation, mandate, exchange, rent, leasing, factoring, franchising, commodatum and/or mutual of or on any rights, services, products or personal property, subject or not to registry, real estate leasing and underleasing, (ii) to accept and to decline guarantees granted by third parties, (iii) to make any kind of debt recovery, (iv) to issue invoices, and to sign receipts or discharging documents, (v) to exercise the regulatory, governing and disciplinary power on workers, (vi) to sign correspondence and general routine documents, (vii) to represent the Company before public and private institutions, (viii) to declare and pay taxes, fees and contributions, (ix) to represent the Company in court or out of court, actively or passively, being able to propose, to follow, to confess, to give up, to appeal or to compromise in every kind of lawsuits and proceedings.

Under the article number 407 of the Commercial Company Code, the delegation of powers to the Chief Executive Officer does not exclude the authority of the Board of Directors to decide on the subject matter in the scope of delegation, being normal practice of the Company Board of Directors to approve or to ratify the individual acts performed by the Chief Executive Officer. As disposed in article 5 of the Regulation of the Board, the powers delegated to the CEO do not include i) definition of the Company's strategies and general policies; ii) definition of the Group's business structure; iii) strategic decisions that, due to its value, risk or special characteristics are competence of the Board of Directors as a whole.

Without prejudice to the powers delegation, the Board of Director is composed by one more responsible executive director that makes a direct follow-up to specific acting areas of the Group Media Capital, developed by its subsidiaries.

There is no rotation policy for roles within the Board.

The non-executive directors follow-up the activity developed by the Company and its Chief Executive Officer, guaranteeing the supervising, the inspection and the evaluation capability of the executive members, by the regular meetings of the Board of Directors, without prejudice to the access of any information or documentation requested at any moment. In performing their non-executive duties, the Directors were not faced with constraints during 2012.

Media Capital did not appoint an Executive Board of the Board of Directors, and the decisions concerning the important and strategic subjects were taken by the Board of Directors as a collaborative body comprising all its members, executive and non-executive in the normal performance of their duties.

Operation

The Board of Directors meets whenever called verbally or in writing by its President or two vocals, when and where the social interest requires. The Board of Directors will ordinarily meet at least four times a year, and as often as deemed fit by the President for the company's sound functioning, without prejudice to the Board's ability to meet under the terms of article 54 of the Commercial Company Code.

The call to the meetings of the Board of Directors shall be performed in writing, by letter, fax, telegram or e-mail, with a minimum advance of seven working days before the meeting date, and it must include the agenda. All the necessary and relevant information must be disclosed for the fulfillment of the Manager's duties before the Company for the meeting of the Board of directors in reasonable time, or according to the approved by the Board of directors. If the circumstances such demand, the President or two Directors can call the Board of Directors' meeting by letter, fax, telegram or e-mail, without the need of fulfilling the notice period and the above requirements. These special Board of Directors' meetings must be called with a minimum pre-advise of 48 (forty eight) hours.

The Board of Directors may only legitimately deliberate since they are present or if they represent the majority of its members. Any Director disabled to attend the meeting may vote by mail or be represented by another Director, exercised or conferred by letter or any other written communication addressed to the President. Any Director disabled to attend the meeting can request the authorization of the President to attend the meeting by phone or video-conferencing, which shall be authorized (i) if the Company is able to ensure the authenticity of the declarations and the safety of the communications, and (ii) according to the meeting's agenda. However, the Directors must exert its best efforts to attend the Board of Director's meetings in-person. The deliberations of the Board of Directors are taken by the majority of the votes of the Directors in-person or represented and by the mail voting, having the President or his substitute a casting vote.

Any Director that intends to conclude a contract, a transaction or an agreement with the Company, must inform the nature of such matter during the Company Board of Directors' meeting, during which the celebration of such contract, transaction or agreement will be judged for the first time. The Director in question doesn't count for the necessary quorum or to the voting in such deliberation or related.

The minutes of the Board of Director's meetings are drawn up and registered in the respective Minute Book and sent to the approval of every members of the Board of Directors.

The Board of Directors of Group Media Capital has met regularly 6 times during 2012, with the participation or representation of all the members, thus guaranteeing the effective management control of the Group, having an unanimous written deliberation been adopted.

During 2012, and as per the meetings of the Board of Directors, exercising executive authority disclosed all the information required by the other members of the Board of Directors.

Authorization to the increase of capital

As per the provisions of the Memorandum of Association, the Board of Directors is authorized to increase the social capital in cash, once or more times, until the maximum limit of EUR 15.000.000,00. The Board of Directors will deliberate the terms and the conditions of each capital increase, and also the issuing and paying conditions.

Section III – Auditing Committee

The Auditing Committee is composed by non-executive members of the Board of Directors, being composed by a majority of independent members, under the terms of the article number 423-B of the Commercial Company Code. Of the members making up the Auditing Committee, two are considered independent, according to article 414 of the Commercial Company Code, with all its members fulfilling the rules given in article 414-A of the Commercial Company Code.

Skills

Under the law, the Auditing Committee is responsible of multiple functional duties, namely attending the meetings of the Auditing committee, the meetings of the Board of Directors, to keep the achieved facts and information strictly confidential on the basis of their duties.

During 2012, the Auditing Committee, made the follow-up of the activity of the companies integrated in the Group Media Capital, ensuring the compliance with the law and with the respective Memorandum of Association, having controlled the regularity of the accounting records, the accuracy of the documents of reporting, the adopted accounting policies, supervising the process of preparing and releasing of the financial information and the periodical information released to the market.

As part of the Auditing Committee's work during 2012, it analyzed and evaluated the effectiveness of the risk management systems and the internal control system, as implemented by the Board of Directors in safeguarding the Company’s value and for the benefit of corporate governance transparency. The

Auditing Committee also directly monitored the activity performed by the internal audit services in Grupo Media Capital's subsidiaries. Information reports and conclusions attained by the auditing services are periodically reported.

The Auditing Committee is the representative of the Company before the external auditor proposed to the annual Meeting Board.

The Auditing Committee, being the company's speaker and receiving the reports produced, meets periodically with the Official Auditor in order to follow-up his auditing work and conclusions, supervising the operations developed by the Official Auditor, in order to protect his independency, namely concerning the additional supply of services and evaluating he external auditor's performance.

Every year the Auditing Committee prepares a report concerning its activity and presents its opinion concerning the reported documents, as presented by the Board of Directors and by the Official Auditor. The Report of the Auditing Committee is issued and released to the shareholders jointly with the reporting documents. The Auditing Committee assumes itself as a speaker for the external auditor in what concerns the results of the auditing work, reporting the auditing results to the Board of Directors.

Operation

The minutes of the meetings of the Auditing Committee are drawn up and registered in the respective Minute Book and sent to all the members of the Auditing Committee.

Under the terms of the Commercial Company Code, the Auditing Committee has attended all the meetings of the Board of Directors and during 2012 has met in fulfillment of its remit.

Section IV - Remuneration

IV.1 Description of the Remuneration Politics

Media Capital, in benefit of transparency and legitimacy of the fixation of the remuneration of its Board members, adopts the remuneration and compensation politics to the Board and to other managers, based in the presupposition that a trust relationship, the competence, the effort and the commitment are the essential requirements for a healthy performance of the Company business.

The company believes that the remuneration and compensation policy of the company bodies and other managers in place in the 2012 financial year, which was submitted for approval by the General Meeting shareholders, is in line with a strategy of containment given the world crisis and future economic outlook. However, the policy presented is designed to allow the alignment of the commitments of the members of the Board of Directors with the interests of the company.

The company does not provide any type of plan to allocate shares or share options to members of the Board of Directors or Supervisory Board or other company managers. Similarly, the company has not implemented any retirement plans for members of the Board of Directors or Supervisory Board.

During 2012 the Company made no compensatory payments for the cessation or destitution of any of its ex-Members of the Board. The company has not signed agreements or defined policies regarding the Company Directors that outline the payment of compensation by force of the term length, except for the case of cessation of duties without just cause of its Chief Executive Officer.
In order to determine the remuneration and compensation politics of the Company bodies and of Grupo Media Capital, SGPS, SA's Directors, the practices from similar societies operating in the Portuguese market were taken into account, having in consideration the current crisis scenario and economic predictions.

EXECUTIVE DIRECTORS

The remuneration and compensation politics of the executive members of the Grupo Media Capital SGPS, SA Board of directors follow a plan based in the conciliation of the fixed and variable branches of their remuneration. A remuneration policy was still defined directed mainly at encouraging goals, reflecting daily involvement and the individual's motivation, aligning itself with the company's long-term interests, without prejudice to the alignment with the policies of containment versus the world crisis situation and the future economic outlook.

Thus, the remuneration of the executive members of the Board of Directors of Grupo Media Capital SGPS, SA comprises (i) a fixed component, defined according to the level of responsibility of each executive member, and that comprises the gross base remuneration paid concerning one year period, and of a set of non-cashed benefits, namely related with health care and life insurances, in similar terms as that attributed to other collaborators of Group Media Capital; (ii) a variable component, paid in the following year, as a performance premium, based on specific criteria by applying a professional performance formula for the year in question, defined by the relevant committees.

NON-EXECUTIVE DIRECTORS

The non-executive Directors (including the independent members) earned a fixed and regular remuneration during 2012, taking into account the positions held. No model of variable remuneration was set, once their activity in the Board of directors is due to their professional background, representing to the Group a valuable support and knowledge source (know how).

MANAGERS

Under the terms of no. 3, article 248-B of the Securities Code, those with regular access to privileged information who take part in decisions about management and the company's operating strategy, aside from the Board of Directors and Supervisory Board are deemed Managers, namely the directive members of the Company’s Executive and Business Committees.

Each year, the Corporate Governance and Managing Staff Remuneration Committee revise the policy of Grupo Media Capital, SGPS, S.A. regarding managers’ compensation.

Remuneration comprises a fixed component and a variable component, which is paid in the following year as a performance premium, based on defined criteria reviewed annually, by applying a professional performance formula for the year in question, set by the relevant Corporate Governance and Managing Staff Remuneration Committee, after calculation of the individual results for the prior year. Remuneration is aligned with the containment policies given the world crisis and future economic outlook.

IV.2 Remuneration

The remuneration conferred by the members of the Company’s Board of Directors for the year ending 31 December 2012 came to EUR 1.174.919,00, including the remunerations conferred by executive and non-executive members.

The Board of Directors' executive members are paid in full by the subsidiaries companies in Grupo Media Capital.

The remunerations paid during 2012 are as follows:

	Fixed	Variable
Rosa Cullell	Euro 332.500,00	Euro 61.374,00
Miguel Gil	Euro 301.000,00	Euro 59.400,00
Total	*Euro 633.500,00*	*Euro 120.774,00*

The following remunerations paid during 2011 were made to non-executive members of the Board of Directors (which correspond exclusively to the fixed remuneration component):

Miguel Pais do Amaral	Euro 211.666,67
Jaime Roque Pinho D' Almeida	Euro 70.435,64
Javier Lázaro Rodríguez	without remuneration
Juan Herrero	Euro 46.334,00
Juan Luis Cebrian	without remuneration
Manuel Polanco	without remuneration
Pedro García Guillen	without remuneration
Tirso Olazábal	Euro 41.659,88
Bo Nilsson	Euro 50.548,88
Total	*Euro 420.645,10*

The Supervisory Board comprised by the Official Auditor for the company is remunerated according to the normal fee levels for similar services by benchmarking on market information, as negotiated annually under the supervision of the Auditing Committee within the Board of Directors.

No payment of any sum will take place, irrespective of its nature, in case of cessation of responsibilities of members of the Board of Directors during the term, except in the case of the cessation of responsibilities without just cause of its CEO, for which the agreements assumed as part of his professional relationship with Grupo Media Capital were respected.

IV.3 Policy on the reporting of irregularities

In 2011, and in accordance with good practices of corporate governance observed in Grupo Media Capital and by inherence of the application of the SOX process to which Grupo Prisa is obliged, Media Capital implemented 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. This measure aims at facilitating early detection of irregularities which, if practiced, could cause major damage to Media Capital's Companies and to its stakeholders.

Irregularity communication is made from Media Capital's website (http://www.mediacapital.pt) by filling the proper form, which is automatically remitted to the email address praticasindevidas@mediacapital.pt. The complaints are then be received by the Auditing Committees of Grupo Media Capital and Grupo Prisa and by the respective internal auditing departments, being its confidentiality assured, should the complainant require it. The President of the Auditing Committee of Grupo Media Capital is responsible for determining the resources, methods and adequate procedures to investigate the irregularity.

Section V – Specialised Committees

Commission of Appointment and Remuneration of the Board

Under the Commercial Company Code and the article number 17 of the Memorandum of Association, the Meeting Board has designated the Commission of Appointment and Remuneration of the Board, with the following key skills:

- To present the proposals of the appointment of members for the Board of directors, for the Auditing Committee and for the General Meeting Board;
- To approve the remuneration of each member of the Company's Board mentioned in the previous item; and
- To analyze annually the remuneration politics of the Company's Board.

The Commission of Appointment and Remuneration of the Board is still responsible for the evaluation of the performance of the Board of Directors' members.

The Commission of Appointment and Remuneration of the Board is composed of three to five members.

The exercising members of the Commission of Appointment and Remuneration of the Board during 2012 were jointly appointed in the same annual Meeting Board of Media Capital, held on 21th March 2012. The Commission is composed by the following members:

<u>President</u>: Mr Ignacio Polanco Moreno;
- Mr Iñigo Dago Elorza;
- Mr Gregorio Marañón y Bertrán de Lis.

The members making up the Company Body Appointment and Remunerations Committee are senior executives with recognised experience in the market in which they work, having had similar roles on other remuneration committees. The Commission of Appointment and Remuneration of the Board is composed by a majority of non independent members, considering that this does not question its exemption.

The Company Body Appointment and Remunerations Committee has not hired any entities to provide them support in the exercise of their responsibilities, nor do any of their members maintain any relationship with the company's consultant.

The minutes of the meetings and the deliberations of the Commission of Appointment and Remuneration of the Board are drawn up and registered in the respective Minute Book and sent to all the members. During 2012, the Committee met three times in fulfillment of its obligations.

Corporate Governance and Managing Staff Remuneration Committee

The Corporate Governance and Executive Staff Remuneration Committee is a committee set up and appointed by the Board of Directors as outlined in 23 of the Articles of Association. The Corporate Governance and Managing Staff Remuneration Committee was created by the Board of Directors as a result of the approval of the Board Ruling at the Board Meeting held on 12th March 2009, replacing the previous Directors' Appointment and Remuneration Committee, including in its role the broadened operational scope regarding subjects relating to corporate governance and also for the purposes of evaluating the Board and identifying candidates to perform the role of Director.

The Corporate Governance and Managing Staff Remuneration Committee has the following responsibilities (i) to provide information on the appointment proposals for Directors and to propose the appointment of independent Directors; (ii) to provide information on the appointment proposal for Board Secretary, (iii) to propose to the Board of Directors the general remuneration policy for managing and executive staff and other conditions of their contracts, (iv) to ensure observance of the remuneration policy established by the company, (v) to give information about the appointment proposals for members of other committees of the Board of Directors; (vi) to propose the Corporate Governance Annual Report to the Board of Directors; (vii) to present the Board of Directors with a report evaluating the Board in terms of functioning and composition; (viii) to examine the compliance with internal rulings.

The Corporate Governance and Managing Staff Remuneration Committee will meet each time that the company's Board of Directors, its President or the Chief Executive Officer requests the disclosure of a report or the approval of proposals within the scope of its remit and whenever, according to the opinion of its members, is convenient for the good pursuance of its responsibilities.

The Corporate Governance and Managing Staff Remuneration Committee comprises three to five non-executive members of the Board of Directors. Currently this Committee comprises the following members:

- Jaime Roque de Pinho D'Almeida	Independent member of the Board
- Manuel Polanco	non-executive Director
- Pedro Garcia Guillén	non-executive Director

The Corporate Governance and Managing Staff Remuneration Committee has not hired any entities to provide them support in the exercise of their responsibilities, nor do any of their members maintain any relationship with the company's consultant.

Minutes are taken for the Corporate Governance and Managing Staff Remuneration Committee meetings and their decisions, which are transferred to the corresponding book of minutes and distributed to all its members. During 2012, the Committee met two times in fulfillment of its obligations.

CHAPTER III INFORMATION AND AUDITING

III.1 Capital Structure

Media Capital is an listed company, under the Portuguese Securities Code, with a fully subscribed and paid up capital of EUR 89.583.970,80, entirely subscribed, consisting of 84.513.180 de-materialized and registered nominative shares, with nominal value of EUR 1,06 by share, having the same category all issued shares.

The shares are in a dematerialized form and held in accounts with financial intermediaries authorized by the CMVM who act as securities custodians and are integrated in the Securities Centralized System ("Central de Valores Mobiliários") managed by Interbolsa, S.A.

All Media Capital shares are traded on the main securities market, Euronext Lisbon. Media Capital does not consider special rights to any category of shares, thus entitling all shareholders with the same benefits.

There are no statutory restrictions to the transmission of the Media Capital shares.

III.2 Qualified Shareholding

List of qualified shareholding at 31 December 2012:

Acionista	Nº de ações detidas	Percentagem do capital social	Percentagem de capital com direitos de voto
Vertix SGPS, S.A. (a)	71.576.289	84,69%	94,69% (a)
PortQuay West I B.V. (b)	8.451.318	10,00%	10,00%
Caixa de Aforros de Galicia, Vigo, Ourense e Pontevedra	4.269.869	5,05%	5,05%

a) Vertix SGPS, SA is 100% owned by Promotora de Informaciones, S.A., company under Spanish law. Percentage of voting rights imputable to Vertix, SGPS, S.A. correspondent to the sum of 71.576.289 shares and 8.451.318 shares, under the purchase option reflected in the buy and sell contract celebrated on February 23rd 2011 with PortQuay West I B.V.

b) PortQuay West I B.V. is a company under the Dutch law, controlled by Courical Holding B.V. which is also under the Dutch law and is 100% owned by Partrouge, SGPS, S.A. and Plurimédia, S.A., both controlled by Eng. Miguel Pais do Amaral.

III.3 Para-social Agreements

As far as the Company is concerned, in 31.12.12 no para-social agreement that contains restrictions on the transmission of securities or voting rights between its shareholders was in effect.

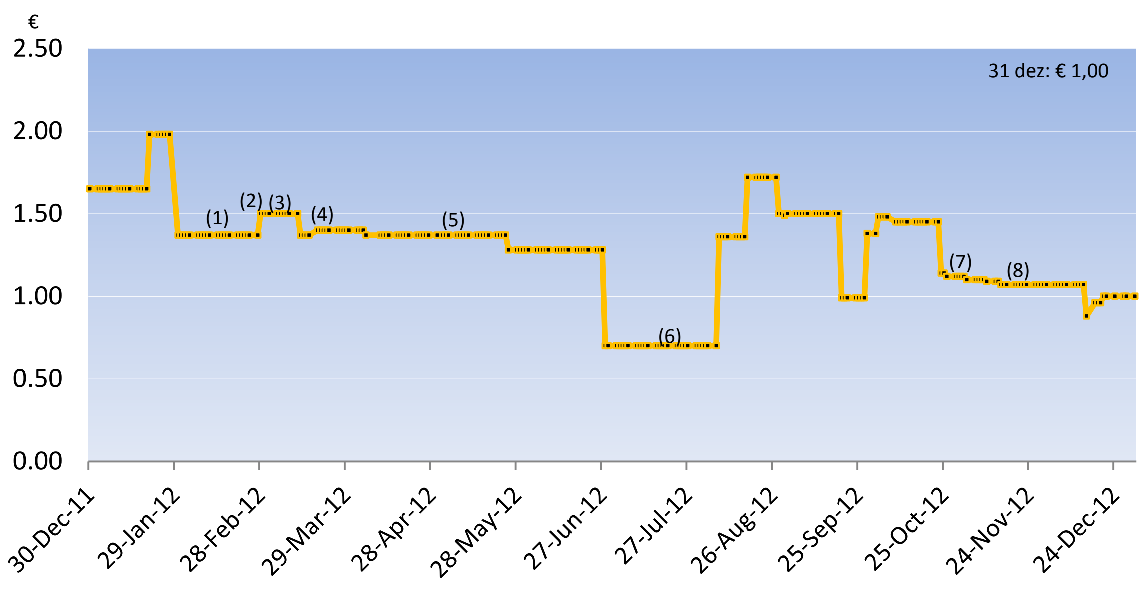
III.4 Amendment of Statutes

The Articles of Association do not establish any limit or restriction on amendments to the company's Articles of Association. Thus, amendments to the statutes are by law subject to deliberation by the General Meeting, with a qualified majority required for their approval, under the terms of article 386 of the Commercial Company Code.

III.5 Employee participation in the share capital

Media Capital does not have any type of employee participation program in the share capital; hence, the adoption of control policies is not necessary.

III.6 Share price performance



III.7 Dividend distribution procedures

Media Capital Board of Directors considers that its dividend distribution policy - based on a careful evaluation of new business or investment opportunities, as well as of the equity needs – should settle on a permanent evaluation of the opportunity costs of the capital, the investors' expectations and the creation of added value to shareholders.

The dividend distribution proposal is prepared attending the legal demands and to the Articles of Association, thus resulting that after accomplishing the legal disposals and approved, can be applied as follows:

(i) A percentage no smaller than 5% should be transferred to the legal reserve, until the reserve reaches 20% of share capital;
(ii) The remaining shall be transferred to free reserves, being distributed in total or partially to the shareholders through deliberation by simple majority by the board.

The Board of Directors will submit to the General Meeting Board a proposal of application of the 2012 results, according to the applicable legal standards.

In 2011 the amount of distributed dividends was of EUR 5.814.506,79, corresponding to approximately 95% of the consolidated net result and to a dividend of EUR 0.0688 per share.

In 2010 the amount of distributed dividends was of EUR 6,253,975.32, corresponding to approximately 50% of the consolidated net result and to a dividend of EUR 0.047 per share.

In 2009, the amount of distributed dividends was of EUR 16,902,636.00, from available reserves registered on the balance sheet in 31 December 2009, corresponding to a dividend of EUR 0.20 per share.

In 2008, the amount of distributed dividends was of EUR 19,438,031.00, from available reserves registered on the balance sheet in 31 December 2008, corresponding to a dividend of EUR 0.23 per share.

In 2007 the amount of distributed dividends was approximately of EUR 61,000,000.00, from available reserves registered on the balance sheet in 31 December 2007, corresponding to a dividend of EUR 0.72 per share.

III.8 Stock option plans

During 2012 there was no stock option plan or any other incentive system on shares.

III.9 Transactions with corporate bodies and related parties

According to the Board Ruling in force, Directors must communicate to the company any situations that may precipitate a conflict of interest as established by law and the regulatory standards approved by the Board of Directors at any time. Professional or commercial transactions, direct or indirect, of the Directors with the company or with any of its subsidiary companies must be authorised by the Board of Directors, after prior opinion from the Corporate Governance and Managing Staff Remuneration Committee. The Board of Directors' authorisation will be issued for situations that meet the following three conditions simultaneously (i) they take place as a result of contracts whose conditions are standardised and are applicable collectively to many clients; (ii) they take place at prices established generally by those who act as supplier of the asset or of the service in question; (iii) that the sum does not exceed 1% of the annual revenues of the entity or individual that is receiving the service.

During the 20121 financial year, no transactions, significant in financial terms for any of the parties involved, between Media Capital and the members of its management and supervisory bodies took place.

Under the terms of the Board Ruling, transactions undertaken with significant shareholders are subject to the prior approval of the Board of Directors, which will be preceded by the opinion of the Corporate Governance and Managing Staff Remuneration Committee, to whom the operation must be evaluated from a market conditions point of view.

Regarding transactions between Media Capital and the holders of qualifying stakes or companies in a holding or group relationship, the following transactions took place, which were carried out under normal market conditions:

- Cash pooling contract agreed between Plural España and Promotora de Informaciones, S.A. on 5 January 2009 for the sum of EUR 28,203,624.00, with a pending balance as at 31 December 2012 in its favour for the sum of EUR 7.402.717;
- Cash pooling contract agreed between Vertix SGPS, SA and the Company on 19 April 2012 for the sum of EUR 5.460.000, contracted at normal market rates with a short term maturity;

Cash pooling contract agreed between TVI – Televisão Independente, SA and Vertix, SGPS, SA for the sum of EUR 1.556.070.000, contracted at normal market rates with a short term maturity.

In December 26 2011, new conditions applicable to contracts ruling the refinancing process between Promotora de Informaciones S.A. (Prisa) and an union of financial and banking institutions, came into effect. Considering the direct dominant relation amongst Media Capital and Prisa, Media Capital adhered as “obligor” to the business management described in the scope of Prisa’s financial restructuration.

During the 2012 financial year, the Company's Supervisory Board did not intervene in the approval of operations performed by holders of qualifying stakes or companies in a holding or group relationship due to their being performed under normal market conditions.

III.10 Annual Activity reports

The Company publishes the report drafted by the Auditing Committee on its website (http://www.mediacapital.pt), along with other documents providing the annual accounts, as it forms a part of them, in fulfillment of article 423 F of the Commercial Company Code. The Auditing Committee describes in that report the work performed and any constraints faced.

III.11 Investor relations Department

The Company assures the existence of a permanent contact with the market through an Investor Relations Department.

The Investor Relations department aims to facilitate and optimise communication with the financial markets in general, and with investors (current or potential) and financial analysis in particular. To this end, Media Capital will provide, on its internet site (http://www.mediacapital.pt) the following disclosures and presentations:

- News alerts;
- Mandatory announcements;
- Quarterly results releases and semester result releases;
- AGM announcements;
- Annual report.

Media Capital also provides on its internet site (http://www.mediacapital.pt) all the relevant institutional information, both in Portuguese and in English.

Additionally, Media Capital's Board of Directors and the IR department are also available to participate in sector and regional conferences, conference calls and visits by investors and analysts, in order to help market agents in the interpretation of the financial situation and the company strategy.

In the terms and for the effects of section 4 of Article 233.º of the Portuguese Securities Code, Media Capital has appointed Mafalda Ordonhas Pais, as Investor Relations Officer to the market and to CMVM, to represent the company, contactable at the following address:

Rua Mário Castelhano, n.º 40, Queluz de Baixo, 2734 – 502 Barcarena
Phone: + (351) 21 434 76 03
Fax: + (351) 21 434 59 01
E-mail: ir@mediacapital.pt

III.12 Remuneration and rotation of the Auditor

The supervision of the Company is executed by Deloitte & Associados, SROC S.A., for the term 2012/2015 and represented by its partner João Luís Falua Costa da Silva. Deloitte & Associados, SROC, SA performed the role in the previous terms of 2008/2011 and of 2004/2007, at that time represented by partner Carlos Manuel Pereira Freire. In previous terms, the company was audited by other Official Auditor companies. It falls to the Auditing Committee to propose the appointment of the Official Auditor for the following term, analyzing the advantages and draw-backs arising from the rotation of auditors for the next term.

In 2012 Media Capital had a total cost of EUR 390.112,00 with its auditors on a consolidated basis. The breakdown of these costs is as follows:

1. Legal account review services: EUR 270.500,00 (69%);
2. Tax consultancy services: EUR 112.212,00 (29%);
3. Other services: EUR 7.400,00 (2%)

Tax consultancy services and other services represent over 30% of the total amount spent on services by the Company. Concearning tax consultancy services, the Company considered that it lack the necessary internal resources to assure the its independency. The other services are related to statutory audit.

As disposed in the article 423.º-F of the Commercial Companies Code, the Audit Committee is responsible for the supervision and evaluation of the Statutory auditor's independence and for approving its service fees. The Audit Committee, together with the financial Direction of Media Capital, assures that the services provided do not jeopardize the auditors' independence. The audit committee approved the service fee to be payed to the statutory auditor.

20 de fevereiro de 2013

The Board of Directors,

Miguel Pais do Amaral (Chairman)

Rosa Maria Cullell Muniesa (CEO)

Bo Einar Nilsson (Director)

Jaime Roque de Pinho D'Almeida (Director)

Juan Herrero Abelló (Director)

Javier Lázaro Rodríguez (Director)

Manuel Polanco Moreno (Director)

Miguel Gil Peral (Director)

Pedro Garcia Guillén (Director)

Tirso Olazábal (Director)

ANEXO

Miguel Maria De Sá Pais Do Amaral

Member 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. Is 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	
HENERGY - ENERGIAS RENOVÁVEIS, LDA.	MANAGER
NGOLA VENTURES, LDA.	MANAGER
ALFACOMPETIÇÃO - AUTOMÓVEIS E CAVALOS DE COMPETIÇÃO, SA	MANAGER
ASK4GREEN, LDA.	MANAGER
BIOBRAX - ENERGIAS RENOVÁVEIS PORTUGAL, LDA.	CHAIRMAN
COMPANHIA DAS QUINTAS SGPS, SA	CHAIRMAN
DREAMS CORNER, LDA.	MANAGER
EDGE CAPITAL SGPS, S.A.	CHAIRMAN
EDGE INTERNATIONAL HOLDINGS – SGPS, SA	CHAIRMAN
EDGE PROPERTIES SGPS, SA	CHAIRMAN
GLOBAL PUBLISHING GROUP BV	MANAGER
GREYPART SGPS, SA	MANAGER
GRYPHON HOLDINGS PLC	MANAGER
LANIFOS - SOCIEDADE DE FINANCIAMENTOS, LDA.	MANAGER
LER MAIS SA	CHAIRMAN
PARTBLEU SGPS, SA	MANAGER
PHILLIPS PARK INVESTMENT CORPORATION	MANAGER
PHILLIPS PARK LLC	MANAGER
PLURIMEDIA SA	MANAGER
POLISTOCK - SOCIEDADE AGRO-PECUÁRIA SA	CHAIRMAN
QUIFEL HOLDINGS SGPS SA	MANAGER

QUIFEL INSURANCE SGPS SA	MANAGER
QUIFEL INTERNATIONAL GROUP LTD	MANAGER
QUIFEL INTERNATIONAL HOLDINGS SGPS SA	CHAIRMAN
QUIFEL NATURAL RESOURCES SA	CHAIRMAN
QUIFEL NATURAL RESOURCES SGPS SA	MANAGER
QUINTA DA FRONTEIRA SA	MANAGER
QUINTA DE PANCAS VINHOS SA	CHAIRMAN
SITUAVOX , LDA.	MANAGER
SOCIEDADE AGRO-FLORESTAL SERRA DA POUSADA LDA.	MANAGER
SOMARECTA- INVESTIMENTOS IMOBILIÁRIOS E TURÍSTICOS LDA.	MANAGER
TOPBUILDING - INVESTIMENTOS IMOBILIÁRIOS SA	CHAIRMAN
UKSA PORTUGAL, S.A.	CHAIRMAN
AGEIRIDGE - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
AGEIRON - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
BRIO - PRODUTOS DE AGRICULTURA BIOLÓGICA, LDA	MANAGER
EDGE BROKERS, LDA	MANAGER
EDGE RM, LDA	MANAGER
EDGE SVCS, LDA	MANAGER
EDGE VS PRESTAÇÃO DE SERVIÇOS, LDA	MANAGER
HEMERA ENERGÍAS RENOVABLES ESPAÑA, SLU	CHAIRMAN
IXILU - COMPRA E VENDA DE IMÓVEIS, LDA.	MANAGER
LEYA SA	CHAIRMAN
LEYA SGPS SA	CHAIRMAN
NEUTRIPROMO - COMPRA E VENDA DE IMÓVEIS, LDA	MANAGER
PORTQUAY WEST I BV	MANAGER
QUARTZTOWN LDA	MANAGER
QUIFEL ENERGIA SGPS UNIPESSOAL LDA.	MANAGER
QUIFEL EXPORT S.A. (ANTERIOR T&S)	MANAGER
QUIFEL MICROGERAÇÃO ESPANHA, LDA	MANAGER
REDITUS SGPS SA	CHAIRMAN
SPORTS PARTNERS BV	MANAGER
PRISA TELEVISIÓN S.A.U.	MANAGER

On 31 December 2012, he held the following shares and voting rights in Grupo Media Capital SGPS, SA.:

Transaction		**Date**		**Nº of owned shares**		**Counterpart**		**Titularity (a)**
Acquisition		*23.02.11*		*8.451.318*		*34,988,456.52*		*Portquay West I BV*

(a) PortQuay West I B.V. is a company under the Dutch law, controlled by Courical Holding B.V. which is also under the Dutch law and is 100% owned by Partrouge, SGPS, S.A. and Plurimédia, S.A., both controlled by Eng. Miguel Pais do Amaral.

Rosa Maria Cullell Muniesa

CEO of Grupo Media Capital

With a degree in Information Sciences by Universidade Autonoma de Barcelona and a diploma in Top Management by IESE Business School, initiated her career as a journalist in Mundo Diário. Was correspondent for a newspaper in London, were she worked to BBC (external services). She was then coordinator of multicultural contents and emigrant support in Perth (Western Australia), working for the Ministery of Immigration. When returning to Spain, she joined TVE-Catalunya and became economy journalist in El Pais, 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 Paolo 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 – Projetos de Media e Publicidade, Lda	Manager
Med Cap Technologies - Desenvolvimento e Comercialização de Sistemas de Comunicação, SA	Chairman
Media Capital – Editora Multimedia, SA	Chairman
IOL Negócios – Serviços de Internet, SA	Chairman
Ludicodrome – Editora Unipessoal, Ldª	Manager
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	Manager
MCME – Media Capital Música e Entretenimento, SA	Chairman
Media Capital Entertainment - Produção de Eventos, Lda	Manager
Farol Música – Sociedade de Produção e Edição Audiovisual, Lda	Manager
CLMC – Multimedia, SA	Chairman
TVI – Televisão Independente, SA	CEO
Reti – Rede Teledifusora Independente, SA	Chairman
MCP – Media Capital Produções, SA	Director
Media Capital Produções, Investimentos - SGPS, SA	Director

Plural Entertainment Portugal, SA	Director
EMAV – Empresa de Meios Audiovisuais, Ldª	Manager
EPC – Empresa Portuguesa de Cenários, Ldª	Manager
Casa da Criação – Argumentos para Audiovisual, Ldª	Manager
Not part of Media Capital Group:	
Vertix, SGPS, SA	Director

On 31 December 2012, she held no shares or voting rights in Grupo Media Capital SGPS, SA.

Bo Einar Lohmann Nilsson

Member of the Board of Directors.

With a degree in Mathematics and Physics, has an MBA by the Copenhagen Business School. Between 1990 and 2000 he was in J.P. Morgan Chase and was Vice Chairman of Global Media & Telecommunications Investment Banking (Europe, Middle East and Africa regions) from 1994 to 2000. He was CFO and member of the Board of Directors of Media Capital from 2000 to 2006, when he became CEO of Time Investments A/S, Quartet Holdings A/S and Heisamore, SGPS, SA. He was appointed as member of the Media Capital Board of Directors on 16 March 2011, for the term 2008/2011 and was re-elected for the mandate 2012/2015.

He is also part of the following companies:

Not part of Grupo Media Capital	
HEISAMORE SGPS, SA	DIRECTOR
COURTFIELD GARDENS, LDA	MANAGER
LEYA SPGS, S.A.	DIRECTOR
TIME INVESTMENTS A/S	DIRECTOR
QUARTET HOLDINGS A/S	DIRECTOR
NORTH PROPERTIES APS	DIRECTOR

On 31 December 2012, he held the following shares and voting rights in Grupo Media Capital SGPS, SA.:

Transaction	**Date**	**Nº of owned shares**	**Counterpart**	**Titularity (a)**
Acquisition	*23.02.11*	*8.451.318*	*34,988,456.52*	*Portquay West I BV*

(a) Mr. Bo Nilsson is indirectly owner of a representative participation of 33.3% of the share capital of PortQuay West I B.V.. PortQuay West I B.V. is a company under the Dutch law, controlled by Courical Holding B.V. which is also under the Dutch law and is 100% owned by Partrouge, SGPS, S.A. and Plurimédia, S.A., both controlled by Eng. Miguel Pais do Amaral.

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 5 March 2008, and was re-elected for the mandate 2012/2015.

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.	CHAIRMAN
CAPINV – S.A.	DIRECTOR
WILLIS, CORRETORES DE SEGUROS, S.A.	DIRECTOR

On 31 December 2012, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Javier Lázaro Rodríguez

Member of the Board of Directors.

He holds a degree in Telecomunications Engeneering byUniversidad Politécnica de Madrid and an MBA by Universidad de Columbia (Nova York). He started his career in McKinsey as a financial analyst from 1994 to 1996. Following, during the next eight years, he occupied distinct responsibility functions at Goldman Sachs in London. He joined Credit Suisse on 2006, becoming Managing Director of Investment Banking for Spain and Portugal, position to whoch he resigned to become CFO of Group Prisa. He was appointed by cooptation as member of the Media Capital Board of Directors on 21December 2012, to the mandate 2012/2015.

He is also part of the following companies:

Fora do Grupo Media Capital	
PRISA DIVISION INMOBILIARIA, S.L.	DIRECTOR
PRISA FINANCE NETHERLANDS, B.V.	DIRECTOR (representing Prisa Division Inmobiliaria, S.L.)

On 31 December 2012, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Juan Herrero Abelló

Member of the Board of Directors.

He holds an MBA with a major in Finance from Emory University in Atlanta, Georgia, USA, a Master of Business Management from the Instituto de Empresa de Madrid and a degree in Economics from the Universidad Complutense de Madrid. He started his career in the USA where he worked from 1984 to 1988 for The Citizens and Southern Bank in Atlanta, Georgia and at Conagra (Bioter-Biona) as Group Product Manager. He then moved to Spain where he worked primarily in the financial sector where he was the Director of Stock Exchange Management at Banco de Inversiones y Servicios Financieros in 1988 and 1989, became Director of Operations and Head of Customer Management at Dinver S.V.B. from 1989 to 1990, was Head of Operations for the Madrid Area at Caixabank from 1990 to 1994 and was Commercial Director for the Madrid Area at Sindibank from 1994 to 1997. Mr. Herrero was also C.E.O. of Arjil & Cie, Spain from 1997 to 2001 when he became the Director of Corporate Planning and Development of Grupo PRISA until 2005. He was Chief Operating Officer of Grupo Media Capital since 2005 He was appointed CEO and Corporate Development Director of Prisa TV in September 2005. He was appointed as member of the Board of Directors on 5 March 2008, and was re-elected for the mandate 2012/2015.

He is also part of the following companies:

Grupo Media Capital	
PUBLIPARTNER – PROJECTOS DE MEDIA E PUBLICIDADE, LDª	MANAGER
MEDIA CAPITAL - EDITORA MULTIMÉDIA, SA.	DIRECTOR
IOL NEGÓCIOS – SERVIÇOS DE INTERNET, SA	DIRECTOR
MEDIA CAPITAL ENTERTAINMENT - PRODUÇÃO DE EVENTOS, LDA.	MANAGER
FAROL MÚSICA – SOCIEDADE DE PRODUÇÃO E EDIÇÃO AUDIOVISUAL, LDA.	MANAGER
TVI - TELEVISÃO INDEPENDENTE, SA.	DIRECTOR
CLMC – MULTIMÉDIA, S.A.	DIRECTOR
PLURAL ENTERTAINMENT PORTUGAL, SA	DIRECTOR
RÁDIO REGIONAL DE LISBOA – EMISSÕES RADIODIFUSÃO, S.A.	DIRECTOR
RÁDIO XXI, LDA.	MANAGER
RÁDIO LITORAL CENTRO - EMPRESA DE RADIODIFUSÃO, LDA.	MANAGER
PLURAL ENTERTAINMENT BRASIL – PRODUÇÃO DE VIDEO, LTDA	MANAGER
Not part of Grupo Media Capital	
VERTIX, SGPS, SA.	DIRECTOR

On 31 December 2012, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Juan Luis Cebrián Echarri

Member of the Board of Directors.

Mr. Cebrián is the CEO of Grupo Prisa and Chairman of the executive committee, Chairman of Diario El País, vice-president of Prisa Television, writer and member of the Real Academia Española.

After studying Humanidades at the Universidad Complutense in Madrid, he obtained a BS from the Escuela Oficial de Periodismo in Spain in 1963. He founded in 1963 the magazine Cuadernos para el dialogo, and was also chief editor and sub-director of the Madrid newspapers Pueblo and Informaciones until 1975. In the meantime, he was also the head of News Programming of TVE – Televisión Española. Mr Cebrián co-founded and was the chief-editor of the daily newspaper El País since its beginning in 1976 to 1988. From 1986 to 1988 was president of Instituto Internacional de Prensa (I.P.I.). Mr. Cebrián is CEO of Grupo Prisa since November 1988. From November 2003 to 2004 he was also President of Asociación de Editores de Diarios Españoles (AEDE). Some of the journalism awards he received are: "Director Internacional do Ano", by World Press Review in New York (1980); National Journalism Prize, in Spain (1983); Medal of Freedom of Expression from the F. D. Roosevelt For Freedom Foundation and the Medal of Honor Of Universidad de Miruri (both in 1986); International Award Trento of Journalism and Communication (1987). Knight of Arts in France. Honorary Professor at the Universidade Iberoamericana in Santo Domingo (1988). He is a member of the Real Academia Espanhola since 1996. In 2003, he was made guest of hnour of Universidad de La Plata (Argentina) and was also awarded the Medal of Merit at Universidad Veracruzana (Mexico), for his contribution to critical thought. During his professional life, Juan Luis Cebrián worked widely as a conference guest. Mr Cebrián is also author of several books: La prensa y la calle (Nuestra Cultura), La españa que bosteza (Taurus), El tamaño del elefante (Alianza Editorial), La Isla del Viento (Alfaguara), El siglo de las sombras (El País-Aguilar), Cartas a un joven periodista (Ariel Planeta), and La Red (Taurus). In February 2000 he published "La agonia del dragón" (Alfaguara) and in September 2001 "El futuro no es lo que era" (Taurus) appeared in bookshops, a long conversation between the ex-President of the Spanish Government Felipe Gonzalez and Juan Luis Cebrián, which comprised a debate on the content of politics and the future of digital society. In 2003, he published "Francomoribundia", the second in the "El miedo y la fuerza" trilogy, begun by "La Agonia del dragón". Mr Cebrián was also recently appointed as Board member of the Le Monde following the increase of Grupo Prisa shareholding position on the company that edits this French daily newspaper. In 2010 he was made Commander of the Order of Merit Duarte, Sánchez Y Mella by the Dominican Republic. He was appointed as member of the Board of Directors on 5 March 2008, and was re-elected for the mandate 2012/2015. He renounced his mandate on 21 December 2012.

He is also part of the following companies:

Not part of Grupo Media Capital	
PROMOTORA DE INFORMACIONES, SA	CHAIRMAN
DIÁRIO EL PAÍS, SL.	CHAIRMAN
EDICIONES EL PAÍS, SL	CHAIRMAN
DTS DISTRIBUIDORA DE TELEVISION DIGITAL, SA	CHAIRMAN
PRISA DIVISIÓN INTERNACIONAL, SL.	CHAIRMAN AND CEO (representing Promotora de Informaciones, S.A.)
PRISA TELEVISIÓN, SA.	VICE-CHAIRMAN
PRISA INC	CHAIRMAN AND CEO
MEDIASET ESPAÑA COMUNICACIÓN, S.L.	ADMINISTRADOR
LE MONDE LIBRE	ADMINISTRADOR
SOCIEDADE EDITRICE DU MONDE	ADMINISTRADOR
PROMOTORA DE ATIVIDADES AMERICA 2010 MÉXICO, SA DE CV	

On 31 December 2012, 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 Comptulense 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 Techonology at ISCTE, in Lisboa. Since 2009 he is also Chairman of the fiscal board of the Luso-Spanish Chamber of Commerce. He was appointed as member of the Board of Directors on 5 March 2008 and was re-elected for the mandate 2012/2015.

He is also part of the following companies:

Grupo Media Capital	
MEGLO – MEDIA GLOBAL SGPS S.A.	DIRECTOR
MEDIA CAPITAL - SERVIÇOS DE CONSULTORIA E GESTÃO, S.A.	DIRECTOR
MEDIA CAPITAL-EDITORA MULTIMÉDIA, S.A.	DIRECTOR
IOL NEGÓCIOS – SERVIÇOS INTERNET, SA	DIRECTOR
MEDIA CAPITAL ENTERTAINMENT - PRODUÇÃO DE EVENTOS, LDA.	MANAGER
FAROL MÚSICA – SOCIEDADE DE PRODUÇÃO E EDIÇÃO AUDIOVISUAL, LDª	MANAGER
TVI – TELEVISÃO INDEPENDENTE, S.A.	DIRECTOR
CLMC – MULTIMÉDIA, S.A.	DIRECTOR
PUBLIPARTNER – PROJECTOS DE MEDIA E PUBLICIDADE, LDA.	MANAGER
MCP – MEDIA CAPITAL PRODUÇÕES, SA	DIRECTOR
MEDIA CAPITAL PRODUÇÕES – INVESTIMENTOS, SGPS; SA	DIRECTOR
MCME – MEDIA CAPITAL MUSICA E ENTRETENIMENTO, S.A.	DIRECTOR
MCR II – MEDIA CAPITAL RÁDIOS, SA	DIRECTOR
RÁDIO COMERCIAL, S.A.	DIRECTOR
R. CIDADE – PRODUÇÕES AUDIOVISUAIS, S.A.	DIRECTOR
RÁDIO REGIONAL DE LISBOA – EMISSÕES DE RADIODIFUSÃO, S.A.	DIRECTOR
RÁDIO XXI, LDA	MANAGER
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
PLURAL ENTERTAINMENT PORTUGAL, S.A.	DIRECTOR

EMAV – EMPRESA DE MEIOS AUDIOVISUAIS, LDª	MANAGER
EPC – EMPRESA PORTUGUESA DE CENÁRIOS, LDª.	MANAGER
CASA DA CRIAÇÃO – ARGUMENTOS PARA AUDIOVISUAL, LDª	MANAGER
Not part of Grupo Media Capital	
VERTIX, SGPS, SA.	DIRECTOR

On 31 December 2012, 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, were he was until the beginning of 2009, when he was appointed Director of Prisa. He his Vice-President of Promotora de Informaciones, S.A. and member of the Executive Board and Presidente of Prisa TV S.A.U, Presidente of DTS, Distribuidora de Televisión Digital, SA and Vice-Presidente and member of the Executive Board of Mediaset España Comunicación, SA. He was appointed as member of the Board of Directors on 5 March 2008 and was re-elected for the mandate 2012/2015.

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 CINEMATOGRÁFICAS, SL	DIRECTOR
PLURAL ENTERTAINMENT CANÁRIAS, SLU	DIRECTOR
CHIP AUDIOVISUAL, SA	DIRECTOR
SOCIEDAD CANARIA DE TELEVISIÓN REGIONAL, SA	DIRECTOR
PRODUCTORA CANARIA DE PROGRAMAS, SA	DIRECTOR
PLURAL – JEMPSA, SL	DIRECTOR
Not part of Grupo Media Capital	

PROMOTORA DE INFORMACIONES, SA	VICE-CHAIRMAN AND MEMBER OF THE EXECUTIVE COMITTEE
PRISA TELEVISIÓN, SAU	CHAIRMAN
DTS DISTRIBUIDORA DE TELEVISIÓN DIGITAL, S.A.U	CHAIRMAN
PRISA INC	DIRECTOR
PRISA DIVISIÓN INTERNACIONAL, SL.	DIRECTOR
PRISA DIGITAL, S.L.	DIRECTOR
RUCANDIO, SA.	DIRECTOR
TIMÓN, SA.	VICE-CHAIRMAN
VERTIX, SGPS, SA.	CHAIRMAN
CANAL CLUB DE DISTRIBUCIÓN DE OCIO Y CULTURA, SA	DIRECTOR
MEDIASET ESPAÑA COMUNICACIÓN, SA	VICE-CHAIRMAN
V-ME INC.	DIRECTOR

On 31 December 2012, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Pedro Garcia Guillén

Member of the Board of Directors.

Mr Pedro Guillén has a degree in Economics by Universidade Complutense de Madrid. He began his professional career in Ford Espanha, followed by BMW Ibérica. He joined Prisa in 1989, were he had several responsibilities in the financial area of the Group. In 1995 he was appointed General Manager of the newspaper Cinco Días and in 1999 he became CEO of the daily newspapers As and Cinco Días, as well as CEO of PROGRESA and GMI. In September 2000 he was appointed as General Manager of El País, position he held until his recent promotion as CEO of Prisa Television SAU, CEO of DTS, President and CEO of Compañia Independiente de Television SL. He was appointed as member of the Board of Directors of Media Capital Group on the 14th of May 2009, and was re-elected for the mandate 2012/2015.

He is also part of the following companies:

Not part of Grupo Media Capital	
PRISA TELEVISION, S.A.U	CEO
DTS, DISTRIBUIDORA DE TELEVISION DIGITAL, SA	CEO
COMPAÑIA INDEPENDIENTE DE TELEVISION, SL	Chairman and CEO
AUDIOVISUAL SPORT, SL	Representant of Rep. de PRISA TELEVISION, S.A.U. (Director)
CINEMANIA, S.L.	Representant of Rep. de PRISA TELEVISION, S.A.U. (Director)

On 31 December 2012, 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. Since 2009 he has been the representative in Portugal of the companies Zeronine and Effipap and, since 2011, of Dominion. He was appointed as member of the Board of Directors on 5 March 2008, and re-elected for the term 2012/2015.

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

On 31 December 2012, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Consolidated Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts stated in Euros)

(Translation of consolidated statements of profit and loss originally issued in Portuguese - Note 43)

	Notes	2012	2011
OPERATING REVENUE			
Services rendered	7 and 8	133,189,774	187,678,647
Sales	7 and 8	2,294,127	5,714,122
Other operating revenue	7 and 8	48,834,669	30,963,381
Total operating revenue		184,318,570	224,356,150
OPERATING COSTS			
Cost of programs issued and goods sold	9	(22,373,582)	(25,869,328)
Supplies and services	10	(68,224,052)	(91,417,529)
Personnel costs	11	(52,821,328)	(68,075,416)
Amortisation and depreciation	17	(11,496,296)	(11,800,043)
Provisions and impairment losses	29	800,085	(10,279,211)
Other operating expenses	7	(511,154)	(74,757)
Total operating costs		(154,626,327)	(207,516,284)
Operating profit		29,692,243	16,839,866
NET FINANCIAL EXPENSES			
Financial expense	12	(9,833,636)	(7,397,814)
Financial income	12	207,951	900,054
Finance costs/income, net	12	(9,625,685)	(6,497,760)
Loss on associated companies, net	18	(59,611)	39,821
		(9,685,296)	(6,457,939)
Profit before tax		20,006,947	10,381,927
Income tax expense	13	(8,067,884)	(8,420,888)
Consolidated net profit for the year on continuing operations		11,939,063	1,961,039
Attributable to:			
Equity holders of the parent	14	11,939,063	1,164,684
Non-controlling interest	27	-	796,355
		11,939,063	1,961,039
Earnings per share on continuing operations:			
Basic	14	0.1413	0.0138
Diluted	14	0.1413	0.0138

The accompanying notes form an integral part of the consolidated statement of profit and loss for the year ended 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2012 AND 2011

(Amounts stated in Euros)

(Translation of consolidated statements of financial position originally issued in Portuguese - Note 43)

ASSETS	Notes	2012	2011
NON-CURRENT ASSETS			
Goodwill	15	153,567,601	157,363,320
Intangible assets	16	18,485,984	18,651,691
Tangible assets	17	21,615,813	28,995,985
Investments in associates	18	1,591,627	1,353,620
Available-for-sale assets	19	7,632	7,632
Transmission rights and television programs	20	50,406,949	55,914,877
Other non-current assets	21	4,757,728	2,327,538
Deferred tax assets	13	4,669,496	5,359,871
		255,102,830	269,974,534
CURRENT ASSETS:			
Transmission rights and television programs	20	29,500,387	20,516,321
Inventories	22	186,697	325,945
Trade and other receivables	23	40,907,939	49,309,460
Current tax assets	13	140,625	158,114
Other current assets	24	14,652,881	25,304,328
Cash and cash equivalents	25	10,790,484	11,812,544
		96,179,013	107,426,712
TOTAL ASSETS		351,281,843	377,401,246
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	26	89,583,971	89,583,971
Reserves	26	24,568,547	29,183,215
Consolidated net profit for the year		11,939,063	1,164,684
Equity attributable to majority equity holders		126,091,581	119,931,870
Equity attributable to non-controlling interest	27	-	1,791,360
TOTAL EQUITY		126,091,581	121,723,230
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	28	86,318,567	81,656,889
Provisions	29	7,726,953	6,830,526
Deferred tax liabilities	13	1,598,338	1,598,526
		95,643,858	90,085,941
CURRENT LIABILITIES:			
Borrowings	28	27,056,172	34,904,519
Trade and other payables	30	53,070,704	62,762,531
Current tax liabilities	13	6,373,186	1,588,017
Other current liabilities	31	43,046,342	65,154,351
Derivative financial instruments	33	-	1,182,657
		129,546,404	165,592,075
TOTAL LIABILITIES		225,190,262	255,678,016
TOTAL EQUITY AND LIABILITIES		351,281,843	377,401,246

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts stated in Euros)

(Translation of consolidated statements of recognized income and expense originally issued in Portuguese - Note 43)

	Note	2012	2011
Consolidated net profit for the year		11,939,063	1,961,039
Effect of the translation of foreign currency operations		35,155	(86,271)
Total consolidated profit		11,974,218	1,874,768
Attributable to:			
Equity holders of the parent company		11,974,218	1,078,413
Minority interest	27	-	796,355
		11,974,218	1,874,768

The accompanying notes form an integral part of the consolidated statement of recognized income for the year ended 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 43)

	Notes	2012	2011
OPERATING ACTIVITIES:			
Cash receipts from customers		215,547,658	283,605,903
Cash paid to suppliers		(111,701,589)	(151,418,061)
Cash paid to employees		(54,669,238)	(68,930,444)
Net cash from operating activities		49,176,831	63,257,398
(Payments) / receipts of income tax	13	1,188,045	-
Other cash received/(paid) relating to operating activities		(34,999,130)	(48,499,900)
Net cash from operating activities (1)		15,365,746	14,757,498
INVESTING ACTIVITIES:			
Cash received relating to:			
The sale of subsidiaries	6	1,512,170	-
The sale of tangible assets		86,283	372,304
The sale of intangible assets		-	590,000
Investment subsidies		-	27,472
Dividends	6	301,872	296,563
Interest and similar income		225,649	611,151
Repayment of loans granted	34	15,143,573	12,159,475
		17,269,547	14,056,965
Cash paid relating to:			
Business combinations	6	(10,331,500)	(11,912,361)
Acquisition of tangible assets		(2,666,512)	(7,594,957)
Acquisition of intangible assets		(10,921)	(158,500)
Loans granted	34	(2,356,145)	(10,015,648)
		(15,365,078)	(29,681,466)
Net cash from/(used in) investing activities (2)		1,904,469	(15,624,501)
FINANCING ACTIVITIES:			
Cash received relating to:			
Borrowings		177,943,839	291,578,052
Realization of capital and other equity instruments		-	225,000
		177,943,839	291,803,052
Cash paid relating to:			
Borrowings		(179,194,813)	(286,996,666)
Payment of principal on finance lease contracts		(1,763,334)	(2,029,376)
Interest and other similar expenses		(6,353,592)	(4,826,099)
Dividends	26	(5,814,507)	(6,832,326)
Other financial expenses		(3,105,675)	(2,017,917)
		(196,231,921)	(302,702,384)
Net cash (used in) financing activities (3)		(18,288,082)	(10,899,332)
Cash and cash equivalents at the begining of the year	25	11,812,544	23,578,879
Net decrease in cash and cash equivalents (4) = (1) + (2) + (3)		(1,017,867)	(11,766,335)
Effect of exchange differences		(4,193)	-
Cash and cash equivalents at the end of the year	25	10,790,484	11,812,544

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts stated in Euros)

(Translation of consolidated statements of changes in equity originally issued in Portuguese - Note 43)

	Equity attributable to the equity holders shareholders of the parent				Equity attributable to non-controlling interest (Note 27)	Total equity
	Capital (Note 26)	Reserves (Note 26)	Consolidated net profit for the year	Total		
Balance at 31 December 2010	89,583,971	23,123,542	12,399,919	125,107,432	4,022,578	129,130,010
Appropriation of net profit for the year	-	12,399,919	(12,399,919)	-	-	-
Distribution of dividends (Notes 26 and 27)	-	(6,253,975)	-	(6,253,975)	(711,438)	(6,965,413)
Exchange translation difference	-	(86,271)	-	(86,271)	-	(86,271)
Change in the consolidation perimeter (Note 27)	-	-	-	-	(2,316,135)	(2,316,135)
Consolidated net profit for the year	-	-	1,164,684	1,164,684	796,355	1,961,039
Balance at 31 December 2011	89,583,971	29,183,215	1,164,684	119,931,870	1,791,360	121,723,230
Appropriation of net profit for the year	-	310,978	(310,978)	-	-	-
Distribution of dividends (Note 26)	-	(4,960,801)	(853,706)	(5,814,507)	-	(5,814,507)
Exchange translation difference	-	35,155	-	35,155	-	35,155
Change in the consolidation perimeter (Notes 6 and 27)	-	-	-	-	(1,791,360)	(1,791,360)
Consolidated net profit for the year	-	-	11,939,063	11,939,063	-	11,939,063
Balance at 31 December 2012	89,583,971	24,568,547	11,939,063	126,091,581	-	126,091,581

The accompanying notes form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2011.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

INTRODUCTORY NOTE

Grupo Media Capital, SGPS, S.A. ("Media Capital" or "the Company") is a corporation which was founded in 1992, has its head office in Portugal in Rua Mário Castelhano, 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 "the Media Capital Group"), 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 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 shares of which are listed in the Spanish Stock Exchange and since November 2010 in the New York Stock Exchange.

These financial statements were approved by the Board of Directors on 20 February 2013.

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 general broadcasting channel. In addition, TVI broadcasts in channel TVI 24, a cable information channel, TVI Ficção, a channel dedicated to Portuguese fiction contents and TVI Internacional, having as from 25 January 2013 started broadcasting on a cable entertainment channel +TVI.

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"), that operates in the Spanish and Latin American markets. Its operations in this area are the 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 "Rádio Comercial", "CidadeFM" and "M80", among others, operate in the radio broadcasting business in Portugal.

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 video-grams, 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.

Media Capital Editora Multimédia, S.A. ("Multimédia") operates in the Internet segment, supported through the www.iol.pt portal which has a large network of own contents, an extensive directory of classified information and online publicity.

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"), 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 holds, directly or indirectly, 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), were fully consolidated. Equity and net profit or loss of these companies corresponding to third party participation in them 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.

Where losses attributable to non-controlling interest exceed the respective interest in the equity of controlled companies, the Group absorbs the excess and any additional losses. Where the subsidiary company subsequently reports profits, the Group appropriates all such profits up to the amount of the losses previously absorbed.

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 period. 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 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%) are recognized 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 gain or loss on investments, and by other changes in the assets and liabilities acquired. In addition, participations are 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. Any 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

Participations of less than 20%, 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, in accordance with the exception allowed by IFRS 1. Goodwill on acquisitions up 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 amortized, but is subject to annual impairment tests. Impairment losses are recorded in the statement of profit and loss caption “Provisions and impairment losses”. Such impairment losses cannot be reversed.

For purposes of determining impairment losses, goodwill is allocated to the cash-generating units or group of 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 cash-generating unit are carried out annually or more frequently when required. If the recoverable amount of the cash-generating unit is less than its book value, the impairment loss is allocated first to the book value of goodwill and then to the book value of the assets of the unit 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, as follows:

	Years
Audiovisual production rights	3 – 7
Radio broadcasting permits	3 - 18
Radio broadcasting rights	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).

In addition, there is an intangible asset of undefined useful life relating to the acquisition of the Plural brand by the Portuguese production business. This asset is not amortized, but is subject to annual impairment tests, together with all the identified assets of the cash generating unit to which it belongs.

Audiovisual production rights correspond to the amounts spent on the cinematographic and audiovisual production necessary for subsequent commercialization of the respective rights. These assets are amortized based on the expectation of their future revenue, over the estimated commercialisation period as from the conclusion of production. Where it is expected that future revenue from the productions will not cover their net book value, an adjustment for impairment losses is recognized.

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 its useful life, due to technological obsolescence, are recognized as expense 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 capitalized 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 assets in progress are recorded at cost, being depreciated when the assets are ready for their intended use. Gains or losses arising on the sale of tangible 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 expenses” or “Other operating revenue”.

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:

	Years
Buildings and other constructions	10 - 50
Machinery and equipment	6 - 15
Transport equipment	4
Computer equipment	3 - 10
Administrative equipment	3 - 10
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 principle 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 transmissions and estimated benefits of each transmission.

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 at cost as assets, 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 consolidated statement of financial position, is presented in Note 35.

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 Statement of financial position classification

Assets realisable and liabilities payable within one year from the statement of financial position date 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 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 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 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 amortized 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 after the statement of financial position date.

2.10.5 Derivative financial instruments

The Group had the policy of using derivative financial instruments to hedge the financial risks to which it is exposed, due essentially to changes in interest rates, although not qualifying them as for hedging for accounting purposes.

The use of financial derivatives is governed by the Group's internal policies defined by the Board of Directors. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are measured at fair value, changes in fair value being recognized in the statement of profit and loss for the period in which they occur.

At 31 December 2012 there were no derivative financial instruments contracted and so none were recorded in the statement of financial position.

2.10.6 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 DVD'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 discount allowed and bonuses granted are recorded as reductions in revenue in the period to which they relate.

Services rendered of the Production business correspond essentially to production services and support to the production of television soaps and 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 and is recognized in the period to which it relates.

Costs and revenue are recognized in the period they relate to, 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, 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 caption “Provisions and impairment losses”.

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 caption “Other operating revenue”.

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 it has a direct or indirect participation of at least 90% and have the necessary conditions to be included in this regime. Such conditions include being resident in Portugal and being subject to corporation income tax, 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 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 significant 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 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 qualifiable assets 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 2012, there were no changes in accounting policies in relation to those used to prepare the financial information for 2011, 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 2012:

Standard	Applicable to years starting on or after	
IFRS 7 – Amendment (Transfer of financial assets)	1-Jul-11	This amendment requires a greater number of disclosures relating to the transfer of financial assets.

The adoption of the above amendment did not have a significant effect on the Group's consolidated financial statements for the year ended 31 December 2012.

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 2012 are:

- Useful life of tangible and intangible assets;
- Impairment tests of goodwill and other assets;
- Recording of provisions;
- Volume discounts granted
- Impairment analyses of transmission 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 these 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	Applicable to years starting on or after	
IFRS 10 – Consolidated financial statements	1-Jan-14	This standard established the requirements relating to the presentation of consolidated financial statements of the parent company, substituting, for these matters, standard IAS 27 – consolidated and separate financial statements and SIC 12 – Consolidation – Special Purpose Entities. This standard also introduced new rules regarding the definition of control and determination of the consolidation perimeter.
IFRS 11 – Joint agreements	1-Jan-14	This standard substitutes IAS 31 – Joint Ventures and SIC 13 – Jointly Controlled Entities – Non Monetary Contributions by Developers, and eliminates the possibility of using the proportional consolidation method for recording interests in joint ventures.
IFRS 12 – Disclosures relating to participations in other entities	1-Jan-14	This standard establishes a new set of disclosures relating to participations in subsidiaries, joint agreements, associates and entities not consolidated.
IFRS 13 – Measurement of fair value	1-Jan-13	This standard substitutes the guidelines existing in the various IFRS standards relating to the measurement of fair value. This standard is applicable when another IFRS requires or permits measurements or disclosures of fair value.
IAS 27 – Separate financial statements (2011)	1-Jan-14	This standard restricts the scope of application of IAS 27 to separate financial statements.
IAS 28 – Investments in Associates and Jointly Controlled Entities (2011)	1-Jan-14	This amendment ensures consistency between IAS 28 – Investments in Associates and the new standards adopted, especially IFRS 11 – Joint Agreements.
IAS 12 – Amendment (recovery of deferred tax assets)	1-Jan-13	This amendment establishes the assumption that the recovery of investment properties measured at fair value in accordance with IAS 40 is realized through sale.
IAS 19 – Amendment (defined benefit pension plans) (2011)	1-Jan-13	This amendment introduced the following changes relating to defined benefit pension plan financial

		statements: (i) actuarial gains and losses are fully recognized in reserves (the corridor method no longer being allowed); (ii) a single interest rate becomes applicable to calculate the amount of the liability and the plan's assets. The difference between the real return on the plan's assets and the single interest rate is recorded as actuarial gain/loss; (iii) costs recognized in profit and loss correspond only to current service and net interest cost.
IFRS 1 – Amendment (Hyper-inflation)	1-Jan-13	This amendment provides guidelines as to how entities must present their financial statements in accordance with IFRS after a period in which they could not be presented due to their functional currency being subject to hyper-inflation.
IAS 1 – Amendment (Other Recognized Income)	1-Jul-12	This amendment refers to the following changes: (i) the items included in Other Recognized Income that will in the future be recognized in profit and loss must be presented separately; (ii) the Statement of Recognized Income must also be called the Statement of Profit and Loss and Other Recognized Income.
IFRS 7 – Amendment (2011)	1-Jan-13	This amendment requires additional disclosures relating to financial instruments, namely information regarding those subject to compensating and similar agreements.
IAS 32 – Amendment (2011)	1-Jan-14	This amendment clarifies certain aspects of the standard due to diversity in the application of the compensating requirements.
IFRIC 20 – Recognition of certain costs in the production phase of an open pit mine (2011)	1-Jan-13	This interpretation clarifies the recognition of certain costs during the production phase of an open pit mine.

The Company did not early-applied any of these standards in its consolidated financial statements for the year ended 31 December 2012. However, a significant impact on the consolidated financial statements is not expected on the future adoption of the standards applicable to the Group's operations.

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, not been endorsed by the European Union:

Standard	Applicable to years starting on or after	
IFRS 9 – Financial instruments (2010)	1-Jan-15	This standard establishes the requirements for the classification and measurement of financial assets.
Improvements to international financial statement standards (May 2012)	Several (usually 1-Jan-13)	These improvements involve the revision of several standards, namely IAS 16 and IAS 32.
IFRS 1 – Amendment (government subsidies)	1 Jan 2013	Establishes an exception to the retrospective application of the requirements defined in IAS 20 for application to government reduced interest rate concessions.
IFRS 10, IFRS 11 and IFRS 12 – Amendments (transition rules)	1 Jan 2013	Amendments to IFRS 10, IFRS 11 and IFRS 12 to clarify the rules of the transition process to the related standards.
IFRS 10, IFRS 12 and IAS 27 – Amendments (Investment Entities)	1 Jan 2014	Establishes an exception to the preparation of consolidated financial statements of investment entities.

These standards have not yet been endorsed by the European Union and so have not been applied by the Group in the preparation of the consolidated financial statements for the year ended 31 December 2012.

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 2012 and 2011 are as follows:

Company	Head office	Consolidation method	Percentage participation effectively held 2012	2011
Grupo Media Capital, SGPS, S.A.	Barcarena	Global	Mãe	Mãe
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
Med Cap Technologies – Desenvolvimento e Comercialização de Sistemas de Comunicação, S.A. ("MED CAP") (a)	Barcarena	Global	-	100
CLMC – Multimedia, S.A. ("CLMC")	Barcarena	Global	100	100
MCR II - Media Capital Rádios, S.A. ("MCRII")	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")	Porto	Global	100	100
RVA - Rádio Voz de Alcanena, Lda. ("Rádio Voz de Alcanena")	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
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	Lisbon	Global	100	100
Rádio XXI, Lda.("XXI")	Lisbon	Global	100	100
Radio Nacional - Emissões de Radiodifusão, S.A. ("Rádio Nacional")	Lisbon	Global	100	100
MCME - Media Capital Música e Entretenimento, S.A. ("MCME")	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
RETI – Rede Teledifusora Independente, S.A. ("RETI") (b)	Barcarena	Global	-	100
MEDIA CAPITAL – Editora Multimédia, S.A. ("MULTIMÉDIA")	Barcarena	Global	100	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	Barcarena	Global	100	100
LÚDICODROME - EDITORA, Unipessoal, Lda. ("Ludicodrome") (c)	Barcarena	Global	-	100
MCP - MÉDIA 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")	Lisbon	Global	100	100
NBP – Ibérica - Producciones Audiovisuales, S.A.	Madrid (ESP)	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, 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 Cinematográficas, S.L. ("TESELA")	Madrid (Spain)	Global	100	100
Factoría Plural, S.L. ("Factoría") (d)	Zaragoza (Spain)	Global	-	51
Chip Audiovisual , S.A.("CHIP") (d)	Zaragoza (Spain)	Global	-	50

(a) On 21 December 2012 MED CAP was merged into MC SERVIÇOS, with accounting effect as of 1 January 2012.

(b) In May 2012 this company was sold (Note 6).

(c) On 1 October 2012 Ludicodrome was merged into MULTIMÉDIA, with accounting effect as of 1 January 2012.

(d) On 1 January 2012 the Company sold 36% of its participation in the company Factoria. As a result of the transaction the company and its subsidiary ceased being controlled by the Group and so were included in the consolidated financial statements in accordance with the equity method as the Group continues to have significant influence in these companies due to the inclusion of members in its management boards (Note 5 and 6).

5. ASSOCIATED COMPANIES

The associated companies, their head offices and proportion of capital effectively held in them at 31 December 2012 and 2011 were as follows:

Company	Head office	Percentage participation effectively held 2012	2011
Plural Entertainment Brasil - Produção de Video, 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
União de Leiria, SAD ("União de Leiria") (a)	Leiria	-	20
Plural - Jempsa, S.L. ("Jempsa")	Madrid (Spain)	19	19
Factoría (Notes 4 and 6)	Zaragoza (Spain)	15	-
CHIP (Notes 4 and 6)	Zaragoza (Spain)	7.5	-

(a) In May 2012 the participation in União de Leiria was sold (Note 6).

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

In 2012 the Group sold 36% of its participation in the company Factoria for 425,000 Euros and its total participation in RETI and loans of 1,978,033 Euros of Group companies to RETI for 7,866,111 Euros. The assets and liabilities of Factoria and its subsidiary (CHIP) and RETI as of the dates of the transactions were as follows:

	Factoría	RETI	Total
Net assets:			
Goodwill (Note 15)	-	3,795,719	3,795,719
Intangible assets	9,833	-	9,833
Tangible fixed assets	122,566	1,965,274	2,087,840
Inventories	-	88,880	88,880
Trade and other receivables	4,516,981	82,118	4,599,099
Cash and cash equivalents	5,896	1,316	7,212
Other assets	260,645	274,404	535,049
Borrowings	(1,343,289)	-	(1,343,289)
Trade and other payables	(2,644,495)	(2,345,268)	(4,989,763)
	928,137	3,862,443	4,790,580
Non-controlling interest (Note 27)	(1,791,360)	-	(1,791,360)

The gain generated in the above sale was determined as follows:

	Factoría	RETI	Total
Selling price	425,000	7,866,111	8,291,111
Loand granted	-	(1,978,033)	(1,978,033)
Cash and cash equivalents	(5,896)	(1,316)	(7,212)
Net selling price (a)	419,104	5,886,762	6,305,866
Assets sold	334,129	3,862,443	4,196,572
Gain on the sale (Note 8)	84,974	2,024,319	2,109,293

(a) The selling price was received as follows:

	Factoría	RETI	Total
Net selling price	419,104	5,886,762	6,305,866
Advances received (Note 31)	-	(4,500,000)	(4,500,000)
Offset of accounts made in 2012	-	(293,697)	(293,697)
	419,104	1,093,065	1,512,169

In addition, the Group received 1 Euro from the sale of União de Leiria in 2012.

In the years ended 31 December 2012 and 2011 the Group received dividends of 301,872 Euros and 296,563 Euros relating to investments in Factoria and Socater, respectively.

In 2012 the following amounts relating business combinations were settled: 600,000 Euros and 294,000 Euros relating to acquisitions made in 2011 in Rádio Nacional and Flor do Éter, respectively; 9,250,000 Euros relating to the final payment of the purchase of Plural Entertainment España made in 2008; and 187,500 Euros relating to the acquisition in prior years of a non-controlling interest in IOL Negócios.

In the year ended 31 December 2011 the following changes were made in the Group's consolidation perimeter:

Business concentrations:

Entity	Main Activity	Date of acquisition of control	Percentage acquired	Cost of acquisition
Rádio Nacional	Radio broadcasting	01/07/2011	100%	1,050,000
Rádio Litoral Centro	Radio broadcasting	01/07/2011	100%	180,000
Drums	Radio broadcasting	01/11/2011	100%	1,585,000
Flor do Éter	Radio broadcasting	01/11/2011	100%	315,000
Rádio Voz de Alcanena	Radio broadcasting	01/11/2011	100%	120,000
				3,250,000

The acquisition of all the share capital of Flor do Éter, Drums, Rádio Voz de Alcanena, Rádio Litoral Centro and Rádio Nacional is part of the Group's strategy to develop the radio broadcasting sector, the amounts of 600,000 Euros and

315,000 Euros being payable in the short term at 31 December 2011 for the acquisition of Rádio Nacional and Flor do Éter, respectively.

In the above business combinations, intangible assets relating to permits, which enable the companies acquired to operate in the radio broadcasting business, were identified, these being recognized as intangible assets to be amortized over the remaining estimated periods of the permits.

Payments in 2011 relating to business combinations, in the amount of 11,912,361 Euros, were as follows:

	2011
Plural España	9,250,000
Rádio Nacional	450,000
Rádio Litoral Centro	180,000
Rádio Voz de Alcanena	120,000
Drums	60,000
	10,060,000
Assets acquired - cash	(42,091)
Change in the perimeter	1,894,452
	11,912,361

The assets and liabilities acquired, as well as the amount of cash, at 31 December 2011 were as follows:

	Flor do Éter	Drums	Rádio Voz de Alcanena	Rádio Litoral Centro	Rádio Nacional	Total
NON-CURRENT ASSETS:						
Tangible fixed assets	-	-	508	65,015	2,104	67,627
CURRENT ASSETS:						
Trade and other receivables	-	-	-	4,236	-	4,236
Other current assets	314,447	1,684,281	32,602	151,295	1,060,962	3,243,587
Cash and cash equivalents	11,312	1,578	8,210	14,614	6,377	42,091
	325,759	1,685,859	40,812	170,145	1,067,339	3,289,914
CURRENT LIABILITIES:						
Trade and other payables	(4,766)	(1,812)	(826)	(377)	(529)	(8,310)
Other current liabilities	(285,499)	(1,705,000)	(65,525)	(136,214)	(1,122,600)	(3,314,838)
	(290,265)	(1,706,812)	(66,351)	(136,591)	(1,123,129)	(3,323,148)
ASSETS AND LIABILITIES ACQUIRED	35,494	(20,953)	(25,031)	98,569	(53,686)	34,393

In addition, as a result of the business combinations and the related cost, the following intangible assets relating to permits held by the companies to enable them to operate were identified:

	Flor do Éter	Drums	Rádio Voz de Alcanena	Rádio Litoral Centro	Rádio Nacional	Total
Assets and liabilities acquired	35,494	(20,953)	(25,031)	98,569	(53,686)	34,393
Intengible assets (Note 16) (a)	279,506	1,605,953	145,031	81,431	1,103,686	3,215,607
Fair value paid for the acquisitions	315,000	1,585,000	120,000	180,000	1,050,000	3,250,000

(a) The difference between cost and the value of the assets and liabilities acquired was allocated to the permits held by the companies acquired to enable them to operate in the radio broadcasting sector, having at that time been recognized as an intangible assets to be amortized over the estimated period for their recovery.

Exclusions from the consolidation perimeter:

In 2011 the companies SOCATER and PCP were excluded from the consolidation perimeter due to the decrease in voting rights to those equivalent to the percentage participation held in them, which do not provide control over the companies at those dates. The participations in these companies, at 31 December 2012 and 2011, were recorded in accordance with the equity method (Note 5).

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 legal and regulatory framework 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), one information cable television channel (TVI 24), a national fiction channel (TVI Ficção) and an international channel (TVI Internacional).

b) Production

The production segment involves audiovisual production, realisation, distribution and production of programs/series and television programs.

c) Entertainment

The entertainment segment involves essentially the recording and sale of music CD's, the agency of artists and promotion of events, as well as cinema distribution.

d) Radio

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

e) Others

The segment others includes essentially the internet business ("MULTIMEDIA") and the Group parent company activity.

Contribution of the main business segments to the consolidated results for the years ended 31 December 2012 and 2011 was as follows:

	2012							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Operating income:								
External services rendered	94,257,659	17,849,117	2,642,799	14,005,418	4,434,781	133,189,774	-	133,189,774
Internal services rendered	247,154	33,456,696	552,039	48,172	10,491,610	44,795,671	(44,795,671)	-
External sale of goods and products	-	-	2,294,127	-	-	2,294,127	-	2,294,127
Internal sale of goods and products	-	-	262	-	-	262	(262)	-
Other external operating revenue	46,897,992	1,379,684	213,072	115,783	228,138	48,834,669	-	48,834,669
Other internal operating revenue	269,082	59,312	1,548	118,782	296,000	744,724	(744,724)	-
Total operating revenue	141,671,887	52,744,809	5,703,847	14,288,155	15,450,529	229,859,227	(45,540,657)	184,318,570
Operating costs:								
Cost of programs broadcast and goods sold	(51,168,277)	(1,737,949)	(414,448)	-	-	(53,320,674)	30,947,092	(22,373,582)
Supplies and services	(34,593,374)	(27,986,611)	(4,250,939)	(6,943,463)	(8,177,518)	(81,951,905)	13,727,853	(68,224,052)
Employee benefits	(20,958,833)	(19,070,521)	(729,583)	(4,734,897)	(7,327,494)	(52,821,328)	-	(52,821,328)
Amortization and depreciation	(5,489,448)	(3,825,434)	(85,095)	(1,627,495)	(468,824)	(11,496,296)	-	(11,496,296)
Provisions and impairment losses	510,180	(61,851)	(83,808)	477,624	(42,060)	800,085	-	800,085
Other operating expenses	(355,680)	(168,591)	44,652	(38,369)	6,834	(511,154)	-	(511,154)
Total operating costs	(112,055,432)	(52,850,957)	(5,519,221)	(12,866,600)	(16,009,062)	(199,301,272)	44,674,945	(154,626,327)
						-		
Operating profit/(loss)	29,616,455	(106,148)	184,626	1,421,555	(558,533)	30,557,955	(865,712)	29,692,243
Finance costs, net								(9,685,296)
Profit before tax								20,006,947
Income tax expense								(8,067,884)
Net profit from continuing operations								11,939,063

	2011							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Operating income:								
External services rendered	120,832,873	41,777,860	5,818,163	13,836,539	5,413,212	187,678,647	-	187,678,647
Internal services rendered	954,534	38,522,162	132,529	90,203	10,844,718	50,544,146	(50,544,146)	-
External sale of goods and products	-	-	5,714,122	-	-	5,714,122	-	5,714,122
Internal sale of goods and products	-	-	640	-	-	640	(640)	-
Other external operating revenue	29,356,067	659,891	105,160	451,961	390,302	30,963,381	-	30,963,381
Other internal operating revenue	289,583	16,991	-	122,180	384,212	812,966	(812,966)	-
Total operating revenue	151,433,057	80,976,904	11,770,614	14,500,883	17,032,444	275,713,902	(51,357,752)	224,356,150
Operating costs:								
Cost of programs broadcast and goods sold	(56,490,334)	(3,769,839)	(1,832,951)	-	-	(62,093,124)	36,223,796	(25,869,328)
Supplies and services	(34,955,328)	(44,028,926)	(9,498,242)	(7,107,260)	(9,974,983)	(105,564,739)	14,147,210	(91,417,529)
Employee benefits	(25,085,355)	(28,179,761)	(1,802,746)	(5,026,296)	(7,981,258)	(68,075,416)	-	(68,075,416)
Amortization and depreciation	(6,027,613)	(3,146,652)	(122,732)	(1,983,669)	(519,377)	(11,800,043)	-	(11,800,043)
Provisions and impairment losses	(357,131)	(9,763,562)	215,584	(29,037)	(345,065)	(10,279,211)	-	(10,279,211)
Other operating expenses	39,066	(175,984)	(109,521)	(98,765)	270,447	(74,757)	-	(74,757)
Total operating costs	(122,876,695)	(89,064,724)	(13,150,608)	(14,245,027)	(18,550,236)	(257,887,290)	50,371,006	(207,516,284)
						-		
Operating profit/(loss)	28,556,362	(8,087,820)	(1,379,994)	255,856	(1,517,792)	17,826,612	(986,746)	16,839,866
Finance costs, net								(6,457,939)
Profit before tax								10,381,927
Income tax expense								(8,420,888)
Net profit from continuing operations								1,961,039

Additional significant segment reporting information is as follows:

	2012							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Assets, net	188,792,862	106,182,577	6,544,986	34,416,991	212,519,324	548,456,740	(197,174,897)	351,281,843
Liabilities	81,565,999	75,985,769	16,305,553	43,493,098	194,769,464	412,119,883	(186,929,621)	225,190,262
Other information:								
Investment in tangible assets (Note 17)	703,234	2,028,531	-	126,857	49,000	2,907,622	-	2,907,622
Investment in intangible assets (Note 16)	688,059	378,406	-	141,089	30,540	1,238,094	-	1,238,094
Indemnities - included in "Personnel costs" (Note 11)	81,430	525,290	128,253	58,045	96,282	889,300	-	889,300
Increase in provisions (Note 29)	732,154	52,007	-	-	-	784,161	-	784,161
Reversal of provisions (Note 29)	(1,231,300)	-	(70,826)	(608,602)	(281,044)	(2,191,772)	-	(2,191,772)
Impairment losses (Note 29)	23,791	454,887	217,336	263,673	546,499	1,506,186	-	1,506,186
Reversal of impairment losses (Note 29)	(34,825)	(445,043)	(62,702)	(132,695)	(223,395)	(898,660)	-	(898,660)

	2011							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Assets, net	232,323,676	128,710,096	8,302,023	36,869,420	201,440,753	607,645,968	(230,244,722)	377,401,246
Liabilities	94,073,287	92,631,610	17,431,537	44,984,542	233,114,349	482,235,325	(226,557,309)	255,678,016
Other information:								
Investment in tangible assets (Note 17)	1,549,169	5,542,595	-	230,576	237,205	7,559,545	-	7,559,545
Investment in intangible assets (Note 16)	381,914	319,430	2,267	242,088	50,949	996,648	-	996,648
Indemnities - included in "Personnel costs" (Note 11)	1,556,677	1,148,891	778,552	323,391	(151,965)	3,655,546	-	3,655,546
Increase in provisions (Note 29)	344,197	-	-	85,000	260,000	689,197	-	689,197
Reversal of provisions (Note 29)	-	(171,739)	(496,644)	(49,500)	-	(717,883)	-	(717,883)
Impairment losses (Note 29)	15,807	9,952,774	640,374	60,366	199,644	10,868,966	-	10,868,966
Reversal of impairment losses (Note 29)	(2,873)	(17,473)	(359,314)	(66,829)	(114,580)	(561,069)	-	(561,069)

Information by geographic market, for the years ended 31 December 2012 and 2011, is as follows:

	2012		
	Portugal	Other countries	Consolidated
Operating revenue	170,420,985	13,897,585	184,318,570
Operating costs	(138,744,400)	(15,881,927)	(154,626,327)
Net profit from continuing operations	13,455,020	(1,515,957)	11,939,063
Net assets	320,914,439	30,367,404	351,281,843
Liabilities	216,991,998	8,198,264	225,190,262
Investment in the year in tangible asssets (Note 17)	2,905,685	1,937	2,907,622
Investment in the year in intangible asssets (Note 16)	980,542	257,552	1,238,094

	2011		
	Portugal	Other countries	Consolidated
Operating revenue	186,188,239	38,167,911	224,356,150
Operating costs	(171,274,132)	(36,242,152)	(207,516,284)
Net profit from continuing operations	921,063	1,039,976	1,961,039
Net assets	324,348,888	53,052,358	377,401,246
Liabilities	237,904,241	17,773,775	255,678,016
Investment in the year in tangible asssets (Note 17)	7,556,049	3,496	7,559,545
Investment in the year in intangible asssets (Note 16)	723,159	273,489	996,648

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 implemented in the Group's various sectors. Therefore, considering that the contracts and negotiations 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 the publicity 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 2012 and 2011, is made up as follows:

	2012	2011
Services rendered:		
Television advertising	94,257,659	120,474,073
Radio advertising	13,441,211	13,217,054
Advertising by other means	3,166,960	3,385,279
Audiovisual production and complementary services	15,936,621	41,777,860
Others	6,387,323	8,824,381
	133,189,774	187,678,647
Sales:		
CD's	2,051,042	2,246,331
DVD's	243,085	3,467,791
	2,294,127	5,714,122
Other operating revenue:		
Multimedia services (a)	33,352,266	18,878,961
Transmission, and exhibition rights and the sale of images	9,518,954	9,258,020
Gain on the sale of subsidiaries (Note 6)	2,109,293	-
Other supplementary revenue	3,854,156	2,826,400
	48,834,669	30,963,381

(a) The caption "Multimedia services" corresponds essentially to income from interactive services and multimedia relating to competitions and programs included in the programming grid of the television means broadcasted by the Group.

9. COST OF PROGRAMS ISSUED AND GOODS SOLD

This caption for the years ended 31 December 2012 and 2011 is made up as follows:

	2012	2011
Programs broadcast	20,173,216	20,150,531
Goods sold	2,140,912	5,600,986
Materials consumed	59,454	117,811
	22,373,582	25,869,328

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

10. SUPPLIES AND SERVICES

The caption supplies and services, for the years ended 31 December 2012 and 2011, is made up as follows:

	2012	2011
Specialized services	24,165,996	33,927,981
Fees	8,534,232	13,613,425
Publicity	6,581,677	6,769,493
Communication (a)	5,371,878	2,779,528
Rent	4,201,844	6,176,728
Royalties and rights	3,836,668	6,901,055
Travel and lodging	3,578,224	4,330,833
Energy and fluids	3,001,421	5,105,674
Materials	2,348,553	3,082,632
Maintenance and repairs	2,086,578	2,445,919
Sub contracts	2,065,716	2,794,377
Sundry services	2,451,265	3,489,884
	68,224,052	91,417,529

(a) The increase in this caption is due essentially to signal transmission through the Digital Terrestrial Television network.

The remaining supplies and services in the year ended 31 December 2012 decreased significantly due to the decrease in activity of the production and entertainment segments, as well as the cost cutting policies implemented by the Group.

11. PERSONNEL COSTS

The caption personnel costs, for the years ended 31 December 2012 and 2011, is made up as follows:

	2012	2011
Wages and salaries	40,089,293	49,819,244
Charges on wages and salaries	8,729,825	11,030,404
Performance bonus	1,412,884	1,469,609
Severance payments (Note7)	889,300	3,655,546
Labour accident insurance and others	374,039	672,851
Others	1,325,987	1,427,762
	52,821,328	68,075,416

The average number of employees, per segment, of the companies included in the consolidation in the years ended 31 December 2012 and 2011, was as follows:

	2012	2011
Television	491	553
Production	545	742
Entertainment	17	33
Radio	129	132
Others	152	172
	1,334	1,632

12. FINANCE COSTS, NET

The caption finance costs, net, for the years ended 31 December 2012 and 2011, is made up as follows:

	2012	2011
Financial costs:		
Interest expense (a)	8,503,402	6,067,754
Loss on derivative instruments (Note 33)	231,703	158,785
Other financial costs	1,098,531	1,171,275
	9,833,636	7,397,814
Financial income:		
Interest income	201,087	603,705
Other financial income	6,864	296,349
	207,951	900,054
	9,625,685	6,497,760

(a) In 2012 and 2011, the Group did not incur financial costs on qualifiable assets that could be capitalized, the costs being recognized in profit and loss when incurred. Interest cost incurred in 2012 increased due to the increase in rates of borrowings from banks.

13. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Group companies, except for PLURAL España and its subsidiaries, are subject to corporation income tax at the normal rate of 25% in accordance with article 87 of the Corporation Income Tax Code. In addition, in accordance with article 87-A of the Corporation Income Tax Code, in the year ended 31 December 2012 taxable profit exceeding 1,500,000 is subject to a State surcharge at the following rates:

- 3% for taxable profit between 1,500,000 Euros and 10,000,000 Euros;
- 5% for taxable profit exceeding 10,000,000 Euros.

Taxable profit for 2013 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 exceeding 7,500,000 Euros.

In addition, net finance costs for 2013 and following years are deductible for determining annual taxable income of each company progressively up to 2017 to the greater of the following limits:

- 3,000,000 Euros;
- 30% of the profit before amortization and depreciation, net finance costs and taxes.

The Group estimated income tax for 2012 and 2011 relating to companies in which it participates directly or indirectly by at least 90%, 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"). All the Group companies with head office in Portugal were covered by that regime, except for the companies acquired in 2011, which were taxed individually.

Plural España and its subsidiaries are subject to income tax in accordance with Spanish legislation, at a normal rate of around 30%, being included in the Regime for the Taxation of Groups of Companies under Prisa.

Representation expenses and costs incurred with light passenger vehicles are subject to autonomous taxation at the rate of 10%. The rate applicable to light passenger vehicles is increased by 20% if the amounts exceed those defined in the Ministerial Order. Allowances and compensation for the use of employees' own vehicles not billed to clients are also subject to a 5% tax. If the Company incurs tax losses these rates are increased by 10%.

The Group has tax losses carried forward that result in deferred tax assets as shown in the following tables, calculated in accordance with tax rules currently applicable to the Media Capital Group and the best estimate of the amounts recoverable, considering expected future taxable income, calculated based on business plans prepared with prudent assumptions in line with evolution of the business. However, the Group has not recognized deferred tax assets for all the tax losses carried forward, as they were generated before the effective date the companies entered into the Special Regime for the Taxation of Groups of Companies.

In accordance with current legislation tax losses can be carried forward during a period five years, limited to 75% of the Group's taxable income (six years for tax losses incurred prior to 2010 and four years for tax losses incurred in 2010 and 2011). Tax losses carried forward at 31 December 2012 and 2011 amounted to approximately 4,342,000 Euros and 10,587,000 Euros, respectively, and expire as follows:

	2012	2011
2012	-	6,366,000
2013	1,947,000	1,887,000
2014	2,395,000	2,334,000
	4,342,000	10,587,000

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 tax returns of the Group companies for the years from 2009 to 2012, inclusive, are still subject to review and correction. The Board of Directors believes that any correction to the tax returns 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 subject to revision and correction by the tax authorities for a period of four years, there 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 2012 and 2011:

	2012	2011
Profit before tax	20,006,947	10,381,927
Nominal income tax rate	25.00%	25.00%
Estimated tax charge	5,001,737	2,595,482
Permanent differences (i)	1,663,162	3,899,105
Adjustment to income tax due (ii)	571,392	888,233
Impact of reduced rate	-	(1,563)
Surcharge	1,873,346	1,304,154
Difference in rate (iii)	(99,351)	72,370
Change in rate on deferred tax	-	(172,037)
Others	(942,402)	(164,856)
	8,067,884	8,420,888
Current tax (iv)	7,377,697	8,250,812
Deferred tax for the year	690,187	170,076
	8,067,884	8,420,888
Effective tax rate	40.33%	81.11%

(i) These amounts, for the years ended 31 December 2012 and 2011, are made up as follows:

	2012	2011
Non tax deductible financial expenses	4,424,671	5,935,582
Non tax deductible amortization and depreciation	1,003,643	1,124,154
Fines and other penalties	118,089	78,302
Tax benefits	(760,361)	(1,139,074)
Accounting and tax gains and losses	700,912	(158,924)
Net losses/(gains) in associated companies (Note 18)	59,611	(39,821)
Impairment of goodwill (Notes 15 and 29)	-	9,750,000
Others, net	1,106,084	46,201
	6,652,649	15,596,420
	25.00%	25.00%
	1,663,162	3,899,105

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

(iii) Effect resulting from application of a different Corporation Income Tax rate from the normal rate applied in Portugal, for PLURAL España and its subsidiaries.

(iv) This amount at 31 December 2012 and 2011 was made up as follows:

	2012	2011
Estimated current tax on income for the year (i)	8,834,158	8,024,591
Foreign subsidiaries current tax (Nota 34)	(514,059)	391,077
Others (a)	(942,402)	(164,856)
	7,377,697	8,250,812

(a) This caption includes the net effect of the excess of estimated income tax for 2011 and 2010, less the recognition of the estimated liability resulting from the additional corporation income tax assessments (Note 29).

Temporary differences – changes in deferred taxes:

	2012		
	Saldos iniciais	Constituição/ (reversão)	Saldos finais
Deferred tax assets:			
Provision for impairment	308,752	(153,999)	154,753
Cost of derivatives recognized	349,533	(116,511)	233,022
Loss on available-for-sale assets	1,260,000	(472,500)	787,500
Inter group company margins not recognized	2,829,998	231,494	3,061,492
Tax losses carried forward	611,588	(178,859)	432,729
	5,359,871	(690,375)	4,669,496
Deferred tax liabilities:			
Brands acquired in business concentrations	1,590,000	-	1,590,000
Revaluations	8,526	(188)	8,338
	1,598,526	(188)	1,598,338

	2011		
	Saldos iniciais	Constituição/ (reversão)	Saldos finais
Deferred tax assets:			
Provision for impairment	808,345	(499,593)	308,752
Cost of derivatives recognized	494,007	(144,474)	349,533
Loss on available-for-sale assets	1,060,000	200,000	1,260,000
Inter group company margins not recognized	2,568,484	261,514	2,829,998
Tax losses carried forward	612,255	(667)	611,588
	5,543,091	(183,220)	5,359,871
Deferred tax liabilities:			
Inter group company margins not recognized	11,860	(11,860)	-
Brands acquired in business concentrations	1,590,000	-	1,590,000
Revaluations	9,810	(1,284)	8,526
	1,611,670	(13,144)	1,598,526

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

	2012	2011
Estimated current tax on income for the year (i)	8,834,158	8,024,591
Payments on account	(2,306,821)	(6,306,348)
Third party withholdings	(154,151)	(130,226)
	6,373,186	1,588,017

(i) The liability for current income tax corresponds to the tax payable by the Group, estimated in accordance with the Special Regime for the Taxation of Groups of Companies.

The debit balances relating to deferred tax assets at 31 December 2012 and 2011 in the amounts of 140,625 Euros and 158,114 Euros, respectively, correspond essentially corporation income tax recoverable and special payments on account.

Cash flow:

The payment of income tax for 2011 was recognized in the caption “Other payments relating to operating activities”. Receipts of this nature for 2012 are presented separately and amount to 1,188,045 Euros.

14. EARNINGS PER SHARE

Earnings per share, for the years ended 31 December 2012 and 2011, were calculated considering the following amounts.

	2012	2011
Earnings:		
Profit for purposes of calculating earnings per share of continuing operations	11,939,063	1,164,684
Number of shares		
Average number of shares for purposes of calculating basic and diluted earnings per share	84,513,180	84,513,180
Earnings per share of continuing operations:		
Basic	0.1413	0.0138
Diluted	0.1413	0.0138

15. GOODWILL

The changes in goodwill, in the years ended 31 December 2012 and 2011, were as follows:

	2012	2011
Cost:		
Balance at the beginning of the year	173,535,973	173,535,973
Changes in the consolidation perimeter (Note 6)	(3,795,719)	-
Balance at the end of the year	169,740,254	173,535,973
Accumulated impairment losses:		
Balance at the beginning of the year	(16,172,653)	(6,422,653)
Impairment recognised in the period (Notes 13 and 29)	-	(9,750,000)
Balance at the end of the year	(16,172,653)	(16,172,653)
Net book value:		
Balance at the beginning of the year	157,363,320	167,113,320
Balance at the end of the year	153,567,601	157,363,320

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

	2012	2011
Television	125,761,826	129,557,545
Audiovisual production Spain	6,871,058	6,871,058
Entertainment	782,610	782,610
Radios	18,643,989	18,643,989
Internet	1,508,118	1,508,118
	153,567,601	157,363,320

A cash generating unit is the smallest group of identifiable assets which generate cash inflows and which are largely independent of the cash inflows of other assets or groups of assets.

As shown above goodwill was allocated to each of the cash generating units which are expected to benefit from the synergies of the business combinations, independently of other assets or liabilities of the acquired entity being attributed to these units or groups of units.

The analysis was made based on the way in which management controls recovery of goodwill, based on business plans/financial projections of the various cash generating units, prepared and approved by the management.

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
- Overheads;
- Synergies and rationalization of production costs.

The main information regarding the activities and assumptions considered for the cash generating units 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 with operators through channels TVI 24, TVI Ficção, TVI Internacional and, as from January 2013, through +TVI.

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

- Decrease in publicity revenue in 2013 and gradual growth stabilizing in 2017 at amounts similar to 2011;
- Increase in other revenue relating to diversification of the activities of the various channels;
- Maintenance of a cost cutting 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 a cost cutting policy in accordance with that which is already in force;
- Greater concentration on internal production of national contents.

Audiovisual production in Spain:

Operations in the Spanish and Latin American markets. This cash generating unit corresponds to the production, 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;
- Maintenance of the production of entertainment programs for Spanish television;
- Decrease in the structure of fixed costs, in accordance with the restructuring carried out in 2012.

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 overheads to adapt to the market;
- Gradual more positive evolution on a sustained basis in the realization of events.

Radios:

Radio operations, with sound broadcasting of radio programs in Portugal by the following radio stations: "Rádio Comercial", "m80", "CidadeFM", "Star FM" and "Smooth FM", in addition to online transmission of "Cotonete".

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;
- Increase in market share resulting from audience leadership;
- Continuation, as with the other cash generating units, of cost control.

Internet:

Internet 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. It also includes the rendering of internet and multimedia services to companies outside the Group.

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

- Maintenance of the publicity market in 2013, with subsequent decreased growth resulting from the tendency noted in the majority of other countries;
- Regular launching of new projects such as Apps and other mobile services;
- Maintenance of operating variable and fixed cost 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 2011). The discount rate used for all the cash generating units, excluding Spain, was 10.1% (10.1% in 2011), 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 9.6% (10.1% in 2011). A different rate was used in relation to the other cash generating units due to the lower country risk of Spain.

The annual compound growth rate of the cash generating units under review for the period of the projections (using 2012 as the base) was 9.9% for EBITDA and 1.2% for investment (Capex). The Group believes that the estimates are reasonable, considering that 2012 was an abnormally penalizing year for the market and the initiatives in progress in terms of organic growth and decrease of operating costs.

As a result of the impairment tests made, based on the above methodologies and assumptions, the Group concluded that there are no additional impairment losses to be recognized. The Board of Directors believes that the effect of possible variations in the main assumptions on which the recoverable value of the cash generating units is based, would not imply, for all material purposes, impairment of the related Goodwill.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the goodwill tests would not result in a net book value in excess of the total recoverable amount of the cash generating units, considering a 0.5% variation in the nominal growth rate used in the perpetuity and the discount rate.

16. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortization and impairment losses, in the years ended 31 December 2012 and 2011, were as follows:

	Audiovisual production rights	Brands (a)	Radio broadcasting permits (b)	Radio broadcasting rights (c)	Computer programs	Other	Total
Gross:							
Balance at 31 December 2010	5,030,767	6,269,000	-	15,558,959	3,928,011	1,701,649	32,488,386
Changes in consolidation perimeter	-	-	3,215,607	(3,212,864)	(41,000)	(1,378,535)	(1,416,792)
Additions (Note 7)	-	-	-	225,588	431,474	339,586	996,648
Sales	-	-	-	-	-	(5,379)	(5,379)
Transfers (Note 17)	-	-	-	-	154,604	175,851	330,455
Balance at 31 December 2011	5,030,767	6,269,000	3,215,607	12,571,683	4,473,089	833,172	32,393,318
Changes in consolidation perimeter	-	-	-	-	-	(10,000)	(10,000)
Additions (Note 7)	-	-	-	10,921	795,050	432,123	1,238,094
Exchange translation	35,998	-	-	-	-	(174)	35,824
Sales and write-offs	(5,066,765)	-	-	-	(2,682)	-	(5,069,447)
Transfers	2,054,551	-	-	-	668,077	(674,880)	2,047,748
Balance at 31 December 2012	2,054,551	6,269,000	3,215,607	12,582,604	5,933,534	580,241	30,635,537

	Audiovisual production rights	Brands (a)	Radio broadcasting permits (b)	Radio broadcasting rights (c)	Computer programs	Other	Total
Accumulated amortization:							
Balance at 31 December 2010	2,209,107	-	-	4,934,027	1,023,490	1,308,530	9,475,154
Changes in consolidation perimeter	-	-	-	2,743	(41,000)	(1,378,535)	(1,416,792)
Amortisation for the year (Note 17)	92,604	53,800	258,500	812,016	1,406,516	513,850	3,137,286
Transfers	-	49,317	1,161,309	(1,161,309)	-	(190,813)	(141,496)
Sales	-	-	-	-	-	(5,379)	(5,379)
Balance at 31 December 2011	2,301,711	103,117	1,419,809	4,587,477	2,389,006	247,653	11,048,773
Changes in consolidation perimeter	-	-	-	-	-	(167)	(167)
Amortisation for the year (Note 17)	561,155	53,801	175,531	805,777	1,602,285	246,358	3,444,907
Transfers	-	-	-	-	86,973	(86,973)	-
Exchange translation	34,817	-	-	-	-	(3,362)	31,455
Sales and write-offs	(2,395,436)	-	-	-	(2,682)	22,703	(2,375,415)
Balance at 31 December 2012	502,247	156,918	1,595,340	5,393,254	4,075,582	426,212	12,149,553

	Audiovisual production rights	Brands (a)	Radio broadcasting permits (b)	Radio broadcasting rights (c)	Computer programs	Other	Total
Impairment losses:							
Balance at 31 December 2010	2,692,854	-	-	-	-	-	2,692,854
Balance at 31 December 2011	2,692,854	-	-	-	-	-	2,692,854
Write-offs	(2,692,854)	-	-	-	-	-	(2,692,854)
Balance at 31 December 2012	-	-	-	-	-	-	-

	Direitos de produção audiovisual	Brands (a)	Radio broadcasting permits (b)	Radio broadcasting rights (c)	Programas de computador	Other	Total
Net balance:							
Net balance at 31 December 2011	36,202	6,165,883	1,795,798	7,984,206	2,084,083	585,519	18,651,691
Net balance at 31 December 2012	1,552,304	6,112,082	1,620,267	7,189,350	1,857,952	154,029	18,485,984

(a) This caption includes essentially the brand PLURAL which resulted from allocation of the cost of acquisition of PLURAL España in the amount of 6,000,000 Euros, which is estimated to have an undefined useful life and so is not being amortized, but is subject to annual impairment tests based on the financial assumptions indicated in Note 15. The Group considers that the asset has an undefined useful life considering that it is estimated not to lose value and does not have a predictable time period to generate future financial benefits,

(b) The most significant radio broadcasting permit included in this caption was identified on the acquisition of Drums - Comunicações Sonoras, S.A., in the amount of 891,000 Euros, the remaining amortization period being of nine years.

(c) This caption includes significant radio transmission rights relating to contracts entered into with Rádio Milénio and R.C. - Empresa de Radiodifusão, in the net amounts of 3,773,268 Euros and 1,566,471 Euros, respectively. The remaining amortization period of these assets is nine years.

(d) Transfer from the caption “Other current assets” relating to co-production of several films being projected, as a result of the exploitation of the films, which will take place over an estimated period of three years ending in 2014.

17. TANGIBLE FIXED ASSETS

The changes in tangible assets and corresponding accumulated depreciation and impairment losses, in the years ended 31 December 2012 and 2011, were as follows:

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other fixed assets	Fixed assets in progress	Total
Gross amount:								
Balance at 31 December 2010	10,823,132	113,264,268	3,188,402	508,943	14,592,824	9,514,122	2,592,752	154,484,443
Changes in consolidation perimeter	62,951	(6,904,456)	(19,000)	(304,468)	(178,557)	12,647	-	(7,330,883)
Acquistions (Note 7)	2,669,751	3,325,727	476,895	3,496	272,513	112,865	698,298	7,559,545
Sales and write-offs	-	(168,873)	(783,268)	-	-	-	(260,112)	(1,212,253)
Transfers	290,700	1,547,310	55,121	-	2,923	58,974	(2,285,483)	(330,455)
Exchange translation	-	6,427	-	2,303	538	-	-	9,268
Balance at 31 December 2011	13,846,534	111,070,403	2,918,150	210,274	14,690,241	9,698,608	745,455	153,179,665
Changes in consolidation perimeter	(604,699)	(3,466,332)	(71,479)	(4,787)	-	(214,811)	-	(4,362,108)
Acquistions (Note 7)	34	2,378,812	7,287	1,937	85,786	5,056	428,710	2,907,622
Sales and write-offs	(35,196)	(2,945,676)	(359,154)	(85,399)	(3,702,773)	(31,314)	(125,264)	(7,284,776)
Transfers	-	679,688	-	-	13,770	-	(686,658)	6,800
Exchange translation	-	(1,744)	-	(625)	(146)	-	-	(2,515)
Balance at 31 December 2012	13,206,673	107,715,151	2,494,804	121,400	11,086,878	9,457,539	362,243	144,444,688

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Tools and utensils	Administrative equipment	Other fixed assets	Fixed assets in progress	Total
Accumulated depreciation and impairment losses:								
Balance at 31 December 2010	6,161,248	93,500,506	2,606,876	462,630	12,665,263	8,442,937	-	123,839,460
Changes in consolidation perimeter	33,777	(6,940,256)	(19,000)	(304,468)	(180,352)	12,192	-	(7,398,107)
Depreciation for the year	742,707	6,459,252	268,612	12,845	796,329	383,012	-	8,662,757
Decreases due to sales and write-offs	-	(149,662)	(779,737)	-	-	-	-	(929,399)
Transfers	-	43,678	-	11,469	22,017	(77,164)	-	-
Exchange translation	-	6,226	-	2,162	581	-	-	8,969
Balance at 31 December 2011	6,937,732	92,919,744	2,076,751	184,638	13,303,838	8,760,977	-	124,183,680
Changes in consolidation perimeter	(503,007)	(1,486,443)	(71,479)	(4,787)	-	(208,552)	-	(2,274,268)
Depreciation for the year	905,046	6,051,148	262,902	11,568	548,921	271,804	-	8,051,389
Decreases due to sales and write-offs	(35,196)	(2,917,987)	(355,877)	(85,399)	(3,698,282)	(36,691)	-	(7,129,432)
Transfers	-	-	-	76	3,204	(3,280)	-	-
Exchange translation	-	(1,744)	-	(604)	(146)	-	-	(2,494)
Balance at 31 December 2012	7,304,575	94,564,718	1,912,297	105,492	10,157,535	8,784,258	-	122,828,875

	Terrenos, edíficios e outras construções	Equipamento básico	Equipamento de transporte	Equipamento informático	Equipamento administrativo	Outros ativos fixos tangíveis	Ativos fixos tangíveis em curso	Total
Net book value:								
Net book value at 31 December 2011	6,908,802	18,150,659	841,399	25,636	1,386,403	937,631	745,455	28,995,985
Net book value at 31 December 2012	5,902,098	13,150,433	582,507	15,908	929,343	673,281	362,243	21,615,813

Acquisitions in 2012 correspond essentially to the acquisition of audiovisual equipment.

Amortization and depreciation recognized in the statements of profit and loss for 2012 and 2011 are made up as follows:

	2012	2011
Tangible fixed assets	8,051,389	8,662,757
Intangible assets (Note 16)	3,444,907	3,137,286
	11,496,296	11,800,043

At 31 December 2012, there were no restrictions on the ownership of tangible fixed assets given in guarantee of liabilities, all guarantees requested by third parties and given by Grupo Media Capital susceptible to disclosure being listed in Note 39.

18. INVESTMENTS IN ASSOCIATES

The changes in investments in associates in 2012 and 2011 were as follows:

	Investments in associates
Balance at 31 December 2010	66,273
Change in consolidation perimeter	1,247,526
Application of the equity method	39,821
Balance at 31 December 2011	1,353,620
Change in consolidtion perimeter (Note 6) (a)	139,219
Application of the equity method	98,788
Balance at 31 December 2012	1,591,627

(a) This amount corresponds to the fair value of the participation in Factoria at the time of selling 36% of the participation, which resulted in loss of control over the entity (Note 6).

As a result of applying the equity method of accounting to the associated companies in the years ended 31 December 2012 and 2011, the following amounts were recorded in the caption “Gains/(losses) on associated companies”.

	Investment in associated companies		Gains/(Losses) on associated companies	
Company	2012	2011	2012	2011
SOCATER	760,826	759,293	1,533	34,657
PCP	546,003	528,738	17,265	5,848
JEMPSA	57,644	65,583	(7,939)	(684)
Factoría	227,148	-	87,929	-
Others	6	6	-	-
	1,591,627	1,353,620	98,788	39,821
Plural Brasil (Note 29) (a)	-	-	(158,399)	-
	1,591,627	1,353,620	(59,611)	39,821

(a) At 31 December 2012 provisions for additional estimated losses of 171,837 Euros had been recognized (Note 29).

The main financial information for these companies at 31 December 2012 and 2011 was as follows:

2012	Head office	Participation held	Assets	Equity	Total revenue	Net result
SOCATER	Tenerife (Spain)	40%	2,337,573	1,902,065	1,478,371	3,832
PCP	San Andrés (Spain)	40%	1,556,524	1,365,008	-	43,162
JEMPSA	Madrid (Spain)	19%	4,475,116	303,391	-	(41,787)
Plural Brasil	São Paulo (BRA)	49%	33,278	(350,688)	-	(318,537)
Factoría (a)	Zaragoza (Spain)	15%	3,868,052	1,514,320	6,705,363	586,196

2011	Head office	Participation held	Assets	Equity	Total revenue	Net result
SOCATER	Tenerife (Spain)	40%	2,226,827	1,898,644	1,847,152	86,643
PCP	San Andrés (Spain)	40%	1,524,486	1,321,842	840,626	14,617
JEMPSA	Madrid (Spain)	19%	2,337,712	345,177	60,000	(3,599)
Plural Brasil	São Paulo (BRA)	49%	419,705	(35,730)	379,398	(10,724)

(a) The effect of applying the equity method to the associated company Factoria at 31 December 2012 was determined based on the financial statements of the entity as of 30 November 2012 as they were the accounts available at the time.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

There were no changes in this caption in the years ended 31 December 2012 and 2011.

On 27 July 2007 TVI subscribed for participating units of the special fund for cinema and audiovisual investment, founded in accordance with Ministerial Order 277/2007 of 14 March reserved for the participants the State, ZON Multimédia, Serviços de Telecomunicações e Multimédia, SGPS, S.A., RTP – Rádio e Televisão de Portugal, S.A., SIC – Sociedade Independente de Comunicação, S.A. and TVI. The purpose of the fund was to invest in cinema, audiovisual and multiplatform works aimed at extended exploitation of the works so as to increase and improve supply and increase the potential of the productions, for the ultimate purpose of promoting the development of cinema and audiovisual art. The multi annual investment contract made by TVI with the Ministry of Culture, which establishes the conditions for realization of the investment in the fund, establishes the possibility of TVI renouncing the contract without penalties as from its second year. TVI renounced the right on 24 June 2009 and so became not liable to make the investments in the remaining years of the fund or its renewals. In that same year the Company estimated the potential losses writing off the total amount of the investment.

20. BROADCASTING RIGHTS

Broadcasting rights, at 31 December 2012 and 2011, are made up as follows:

Nature	2012	2011
Novel	56,042,760	55,264,414
Films	13,099,206	13,313,142
Sports	2,167,500	3,855,767
Series	8,189,992	3,716,493
Entertainment	274,796	201,758
Others	133,082	79,624
	79,907,336	76,431,198
Non-current assets	50,406,949	55,914,877
Current assets	29,500,387	20,516,321
	79,907,336	76,431,198

21. OTHER NON-CURRENT ASSETS

This caption, at 31 December 2012 and 2011, is made up as follows:

	2012	2011
Access to the Terrestrial Digital Television network ("TDT") (a)	4,014,706	-
Receivables from related parties (Note 34)	514,059	-
Assets relating to co-production of films	90,106	2,043,221
Radio expansion projects	-	16,400
Others	138,857	267,917
	4,757,728	2,327,538

(a) This amount corresponds to costs incurred for access to the TDT network which were are expensed over the period of the utilization contract of the network.

22. INVENTORIES

This caption, at 31 December 2012 and 2011, is made up as follows:

	2012			2011		
	Gross	Accumulated impairment losses (Note 29)	Net	Gross	Accumulated impairment losses (Note 29)	Net
Raw, subsidiary and consumable materials	-	-	-	88,880	-	88,880
Merchandise	658,131	(471,434)	186,697	334,851	(97,786)	237,065
	658,131	(471,434)	186,697	423,731	(97,786)	325,945

23. TRADE AND OTHER RECEIVABLES

This caption, at 31 December 2012 and 2011, is made up as follows:

	2012			2011		
	Gross	Accumulated impairment losses (Note 29)	Net	Gross	Accumulated impairment losses (Note 29)	Net
Customers	36,078,803	(6,324,001)	29,754,802	42,160,484	(7,605,341)	34,555,143
Related party receivables (Note 34)	5,631,989	-	5,631,989	10,682,676	-	10,682,676
Amounts to be invoiced	5,521,148	-	5,521,148	4,071,641	-	4,071,641
	47,231,940	(6,324,001)	40,907,939	56,914,801	(7,605,341)	49,309,460

24. OTHER CURRENT ASSETS

This caption, at 31 December 2012 and 2011, is made up as follows:

	2012			2011		
	Gross	Accumulated impairment losses (Note 29)	Net	Gross	Accumulated impairment losses (Note 29)	Net
State and other public entities (Note 32)	1,455,661	-	1,455,661	2,224,962	-	2,224,962
Sundry debtors	1,313,400	(522,815)	790,585	2,488,393	(151,330)	2,337,063
Accounts receivable from related parties (Note 34)	10,993,876	-	10,993,876	18,331,155	-	18,331,155
Prepayments	1,412,759	-	1,412,759	2,411,148	-	2,411,148
	15,175,696	(522,815)	14,652,881	25,455,658	(151,330)	25,304,328

25. CASH AND CASH EQUIVALENTS

This caption, at 31 December 2012 and 2011, is made up as follows:

	2012	2011
	Balances (Note 41)	Balances (Note 41)
Demand bank deposits	10,558,721	11,551,374
Cash	231,763	261,170
	10,790,484	11,812,544

26. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Company's fully subscribed for and paid up capital, at 31 December 2012 and 2011, consisted of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2012 and 2011 MEDIA CAPITAL's capital was held by the following shareholders:

	2012		2011	
	Shares	Percentage	Shares	Percentage
VERTIX	71,576,289	84.69	71,576,289	84.69
PortQuay West I B.V.	8,451,318	10.00	8,451,318	10.00
Others, less than 10% of the capital	4,485,573	5.31	4,485,573	5.31
	84,513,180	100.00	84,513,180	100.00

On 23 February 2011 Vertix sold 8,451,318 shares, corresponding to 10% of its capital and voting rights, to PortQuay West I B.V. (PortQuay). The agreement grants PortQuay the right to exercise an exit mechanism. In August 2012 that entity informed the Company of its intention to exercise the mechanism.

At 31 December 2012 and 2011 the caption "Reserves" was made up as follows:

	2012	2011
Free reserves	20,310,320	25,266,417
Legal reserve	4,343,604	4,037,330
Translation differences	(85,377)	(120,532)
	24,568,547	29,183,215

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 21 March 2012 approved the distribution of dividends totalling 5,814,507 Euros (6,253,975 Euros in 2011) which corresponds to a dividend of 0.0688 Euros per share (0.074 Euros in 2011).

As approved by the Board of Directors and mentioned in the Directors' Report a proposal was made to distribute dividends of 5,408,843.52 Euros relating to the net profit for the year, which corresponds to a gross dividend of 0.064 per share.

27. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST

The changes in this caption, in the years ended 31 December 2012 and 2011, were as follows:

Balance at 31 December 2010	4,022,578
Dividends paid	(711,438)
Changes in consolidation perimeter	(2,316,135)
Net profit attributable to non-controlling interest	796,355
Balance at 31 December 2011	1,791,360
Changes in consolidation perimeter (Note 6)	(1,791,360)
Balance at 31 December 2012	-

28. BORROWINGS

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012				2011			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans (a)	26,235,065	84,000,000	26,748,754	84,000,000	33,924,158	80,000,000	34,344,027	80,000,000
Finance lease creditors (b)	821,107	2,318,567	821,107	2,318,567	980,361	1,656,889	980,361	1,656,889
	27,056,172	86,318,567	27,569,861	86,318,567	34,904,519	81,656,889	35,324,388	81,656,889

(a) This amount includes a medium and long term commercial paper program in Euros contracted with six financial institutions, to finance the acquisition of investments and current operations.

At 31 December 2012 the nominal amount used was 103,750,000 Euros, which is equal to the amount contracted, being repayable as follows:

2013	19,750,000
2014	27,500,000
2015	46,500,000
2016	10,000,000
	103,750,000

The commercial paper bears interest at the Euribor rate plus a variable spread, based on the relationship between the Company's borrowings and its performance, measured by its EBITDA (calculated based on the contracts, which consists globally of the operating result plus amortization and depreciation, provisions and impairment losses or on the operating result plus amortization and depreciation). At 31 December 2012 the average spread of the borrowings was 4.780%.

The commercial paper program contracted establishes early repayment of the loan in the event of non-compliance with certain contractual covenants, relating essentially to ownership of the capital in situations of loss of control of the Group by Prisa (50.1%) and its financial performance, which at 31 December 2012 were being complied with. In addition, reasonable changes in the financial performance measurements, namely a variance of 5% in EBITDA, continue to comply with the requirements.

In addition, this caption includes guaranteed current accounts of 18,000,000 Euros, to support short term treasury requirements, of which 6,998,754 Euros was used, which bear interest at the Euribor rate plus a spread. At 31 December 2012 the spread on these borrowings was 6.583%.

(b) At 31 December 2012 and 2011 the Media Capital Group had the following assets under finance lease:

	2012		
	Cost	Accumulated depreciation	Net
Machinery and equipment	8,501,962	(4,884,812)	3,617,150
Transport equipment	981,898	(604,921)	376,977
Administrative equipment	290,501	(290,501)	-
Other tangible fixed assets	185,930	(185,930)	-
	9,960,291	(5,966,164)	3,994,127

	2011		
	Cost	Accumulated depreciation	Net
Machinery and equipment	6,761,698	(3,363,164)	3,398,534
Transport equipment	939,082	(500,136)	438,946
Administrative equipment	305,397	(305,397)	-
Other tangible fixed assets	185,930	(185,930)	-
	8,192,107	(4,354,627)	3,837,480

The finance lease contracts, at 31 December 2012 and 2011, are repayable as follows:

	2012	2011
2012	-	980,361
2013	821,107	-
	821,107	980,361
2013	-	574,093
2014	859,936	529,884
2015	883,180	533,376
2016	475,586	19,536
2017	99,865	-
	2,318,567	1,656,889

At 31 December 2012 and 2011, blank promissory notes had been given in guarantee of some of the loans from financial institutions.

29. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The changes in provisions and impairment losses, in the years ended 31 December 2012 and 2011, were as follows:

	Taxes	Restructuring	Legal processes in progress	Loss on investments (Note 18)	Total
Balance at 31 December 2010	2,561,196	1,296,620	3,996,935	13,438	7,868,189
Increases	-	-	689,197	-	689,197
Decreases	-	(496,644)	(221,239)	-	(717,883)
Utilisation	-	(799,976)	(209,001)	-	(1,008,977)
Balance at 31 December 2011	2,561,196	-	4,255,892	13,438	6,830,526
Increases	3,836,101	-	784,161	158,399	4,778,661
Decreases	-	-	(2,191,772)	-	(2,191,772)
Reclassification	(1,183,224)	-	1,183,224	-	-
Utilisation	(70,829)	-	(1,619,633)	-	(1,690,462)
Balance at 31 December 2012	5,143,244	-	2,411,872	171,837	7,726,953

Provision for taxes

The provision for taxes at 31 December 2012, in the amount of 5,143,244 Euros is to cover essentially the estimated liability relating to additional assessments of corporation income tax of 6,100,000 Euros. The current liability at that date resulting from the additional assessments was estimated based on the opinions of the Groups lawyers, there being an increase of 3,836,101 Euros in the provision, which was recorded by corresponding entry to the caption "Income tax", by its discounted value 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 make the payments of the liability, considering the time value of money.

Provision for restructuring

The provision for restructuring recognized in 2010 was to cover liabilities for future payments relating to reorganization of the video activity, which was completed in 2011.

Provision for legal processes in progress

The provision for legal processes in progress at 31 December 2012 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 5,600,000 Euros, the Group's lawyers estimated the amount of the liability based on the arguments presented, historical experience of the resolution of this type of process and estimated time of payment of the liability.

The decrease and utilization of the "Legal processes in progress" in the year ended 31 December 2012 results 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 2012, relates to Plural Brasil (Note 18).

The changes in impairment losses, in the years ended 31 December 2012 and 2011, were as follows:

	Inventories (Note 22)	Trade and other receivables (Note 23)	Other current assets (Note 24)	Total
Balance at 31 December 2010	665,478	8,188,353	17,232,375	26,086,206
Increases	566,115	552,851	-	1,118,966
Decreases	-	(561,069)	-	(561,069)
Utilisation	(1,133,807)	(574,794)	(17,081,045)	(18,789,646)
Balance at 31 December 2011	97,786	7,605,341	151,330	7,854,457
Increases	558,699	576,002	371,485	1,506,186
Decreases	-	(898,660)	-	(898,660)
Utilisation	(185,051)	(958,682)	-	(1,143,733)
Balance at 31 December 2012	471,434	6,324,001	522,815	7,318,250

In 2012, the Company used impairment losses for trade and other receivables as it considered the amounts to be uncollectible.

The provision for impairment losses (increases/reversals), recognized in the years ended 31 December 2012 and 2011, were as follows:

	2012	2011
Restructuring	-	(496,644)
Legal processes in progress	(1,407,611)	467,958
	(1,407,611)	(28,686)
Inventories	558,699	566,115
Trade and other receivables	(322,658)	(8,218)
Other current assets	371,485	-
Impairment of goodwill (Note 15)	-	9,750,000
	607,526	10,307,897
	(800,085)	10,279,211

30. TRADE AND OTHER PAYABLES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012	2011
Current supliers	26,541,465	28,808,733
Accounts payable to related parties (Note 34)	5,049,264	3,584,031
Accrued costs:		
Accrued trade discounts	13,559,244	20,522,063
Authors' rights and royalties	3,335,489	3,757,432
Other supplies and services	1,435,799	1,727,237
Sales returns	445,434	788,484
Other	2,704,009	3,574,551
	53,070,704	62,762,531

31. OTHER CURRENT LIABILITIES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012	2011
Suppliers of fixed assets	1,733,118	2,751,061
Sundry creditors:		
Factoring advances	5,747,216	10,000,000
Personnel remuneration	6,868,278	8,976,751
Advances on account of the sale of RETI (a)	-	4,500,000
Others	3,503,244	2,065,453
State and other public entities (Note 32)	9,246,652	11,668,741
Accounts payable to related parties (Note 34)	10,896,460	15,260,714
Deferred revenue	5,051,374	9,931,631
	43,046,342	65,154,351

(a) Amount of advance received under the promissory purchase and sale contract of RETI shares, which were sold in 2012 (Note 6).

32. STATE AND OTHER PUBLIC ENTITIES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012		2011	
	Debtor balances (Nota 24)	Creditor balances (Nota 31)	Debtor balances (Nota 24)	Creditor balances (Nota 31)
Value Added Tax	1,455,661	5,379,660	2,224,962	6,611,216
Social Security contributions	-	1,471,901	-	1,885,511
Personal Income Tax	-	1,422,115	-	1,745,946
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	-	716,054	-	1,171,775
Others	-	256,922	-	254,293
	1,455,661	9,246,652	2,224,962	11,668,741

33. DERIVATIVE FINANCIAL INSTRUMENTS

In prior years the Group had derivative financial instruments essentially for the purpose of hedging exposure to changes in interest rates. Financial instruments of this kind are contracted after careful analysis of the risks and benefits of this type of operation. Such operations are subject to prior approval by the Board of Directors. The fair value of these instruments is determined on a regular periodic basis throughout the year so as to continuously evaluate them and their respective financial implications.

The Group had interest rate swaps which matured on 29 December 2012 which at 31 December 2011 amounted to 1,182,657 Euros (Note 41). The cost of the swaps for the year ended 31 December 2012 was 1,414,360 Euros (1,059,625 Euros in 2011).

Up to the date of their maturity the derivatives were stated at fair value, determined based on valuations made by financial institutions. Changes in fair value were reflected on the statement of profit and loss caption "Finance costs, net" (Note 12), as follows:

	2012	2011
Financial costs	1,414,360	1,059,625
Changes in fair value	(1,182,657)	(900,840)
	231,703	158,785

34. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

The balances at 31 December 2012 and 2011 and transactions for the years then ended with related companies, excluded from the consolidation, were as follows:

	2012				
	Other non-current assets (Note 21)	Trade and other receivables (Note 23)	Other current assets (Note 24)	Trade and other payables (Note 30)	Other current liabilities (Note 31)
Top parent company:					
Promotora de Informaciones, S.A. (a) (b)	514,059	280,747	7,577,951	3,373,818	4,989,874
Parent company:					
VERTIX (c)	-	5,557	1,669,334	-	5,768,415
	514,059	286,304	9,247,285	3,373,818	10,758,289
Associated companies:					
Plural Brasil	-	223,479	148,739	-	-
SOCATER	-	16,005	-	-	-
JEMPSA	-	273	1,096,640	910	(4,456)
	-	239,757	1,245,379	910	(4,456)
Other companies:					
Sociedade General de Televisión Cuatro, S.A. (d)	-	2,373,721	-	8,268	-
Promotora General de Revistas, S.A.	-	1,621,210	500,914	91,143	5,289
Prisa Televisión, S.A.U.(d)	-	391,603	-	1,148,889	-
Promotora de Emisoras de Televisión, S.A.	-	313,554	-	25,974	(33,364)
Santillana Ediciones Generales, S.L.	-	172,498	-	-	-
Planet Events, S.A.	-	139,599	-	-	-
Prisa Digital, S.L.	-	28,910	-	68,465	-
Sociedade Española de Radiodifusión, S.A.	-	26,501	-	82,862	170,702
Unión Radio Del Pirineu, S.A.	-	16,977	-	-	-
Diario El Pais, S.L.	-	14,514	-	-	-
Prisa Brand Solutions, S.L.U.	-	3,841	-	54,677	-
CANAL 4 NAVARRA, S.L.	-	2,095	-	-	-
SOGECABLE MÚSICA, S.L.	-	905	-	-	-
EDICIONES EL PAÍS, S.L.	-	-	298	-	-
Radio Club Canárias, S.A.	-	-	-	104,843	-
Unión de Radio Corporativos, S.A.	-	-	-	45,137	-
Societat de Comunic. Y Public, S.A.	-	-	-	16,977	-
Gran Vía Musical de Ediciones, S.L.	-	-	-	14,439	-
LOCALIA TV MADRID, S.A.	-	-	-	12,059	-
Santillana Editores, S.A.	-	-	-	629	-
Productora de Televisión de Salamanca, S.A.	-	-	-	174	-
	-	5,105,928	501,212	1,674,536	142,627
	514,059	5,631,989	10,993,876	5,049,264	10,896,460

	2012				
	Services rendered	Other operating revenue	Financial income	Supplies and services	Financial costs
Top parent company:					
Promotora de Informaciones, S.A.	-	-	77,550	1,388,445	-
Parent company:					
VERTIX	18,072	7,788	97,249	-	191,330
	18,072	7,788	174,799	1,388,445	191,330
Associated companies:					
SOCATER	8,807	-	-	-	-
Plural Brasil	-	-	12,696	-	-
JEMPSA	-	-	1,063	-	
	8,807	-	13,759	-	-
Other companies:					
Sociedade General de Televisión Cuatro, S.A.	8,466,054	-	-	-	-
Prisa Televisión, S.A.U.	2,382,073	1,050	-	1,523,743	-
Promotora General de Revistas, S.A.	425,783	42,390	-	48,048	-
Santilhana Editores,SA	23,495	-	-	-	-
Diario AS, S.L	22,361	-	-	-	-
Sociedade Española de Radiodifusión, S.A.	17,748	-	-	-	-
Prisa Digital, S.L.	13,300	-	-	48,072	-
Prisa Brand Solutions, S.L.U.	15,804	-	-	-	-
	11,366,618	43,440	-	1,619,863	-
	11,393,497	51,228	188,558	3,008,308	191,330

The more significant balances with related parties at 31 December 2012 are as follows:

Promotora de Informaciones, S.A.

(a) The accounts receivable correspond essentially to a cash pooling contract with PLURAL Entertainment España, totalling 7,402,717 Euros, which bears interest at the Euribor one month rate plus a spread of 0.1%.

In addition, this caption includes 514,059 Euros (Note 13) relating to income tax for the year of the companies Plural España and Tesela, under the tax consolidation of Prisa.

(b) The accounts payable correspond essentially to the Company's operations and management fees.

Vertix

(c) The accounts payable result essentially from a loan of 5,460,000 Euros obtained by the Group, which bears interest at normal market rates and is repayable in the short term.

The accounts receivable correspond essentially to a loan of 1,556,070 Euros granted by the Group, which bears interest at normal market rates and is repayable in the short term.

Sociedade General de Televisión Cuatro, S.A. and Prisa Televisión, S.A.U.

(d) The accounts receivable result from the operations of Plural España.

The receipts and payments relating to loans granted to related companies, in the year ended 31 December 2012, were as follows:

Receipts relating to:	
Repayment of loans granted:	
Prisa	9,249,958
Vertix	5,460,000
Plural Brasil	282,316
Jempsa	130,217
Prisa	21,082
	15,143,573
Payments relating to:	
Loans granted:	
Vertix	1,556,070
Jempsa	443,675
Prisa	340,400
Plural Brasil	16,000
	2,356,145

	2011			
	Trade and other receivables (Note 23)	Other current assets (Note 24)	Trade and other payables (Note 30)	Other current liabilities (Note 31)
Top parent company:				
Promotora de Informaciones, S.A. (a) (b)	276,232	16,794,877	2,060,202	14,872,034
Parent company:				
VERTIX	3,705	9,182	-	217,085
	279,937	16,804,059	2,060,202	15,089,119
Associated companies:				
Plural Brasil	203,095	412,240	-	-
SOCATER	24,358	-	1,157	-
JEMPSA	273	785,718	70,828	(1,498)
União de Leiria SAD	-	12,084	-	-
	227,726	1,210,042	71,985	(1,498)
Other companies:				
Sociedade General de Televisión Cuatro, S.A. (c)	5,612,600	-	(1,036)	-
Prisa Televisión, S.A.U. (c)	2,582,134	-	1,016,377	22,604
Promotora General de Revistas, S.A.	1,253,077	317,054	22,027	12,256
Diario AS, S.L	218,736	-	-	-
Santillana Ediciones Generales, S.L.	172,535	-	-	-
Planet Events, S.A.	139,599	-	-	-
Prisa Innova, S.A.	105,030	-	-	-
Santillana Editores, S.A.	36,109	-	666	895
Unión Radio Del Pirineu, S.A.	16,977	-	-	-
Diario El Pais, S.L.	14,514	-	-	-
Prisa Digital, S.L.	13,216	-	73,476	-
Sociedade Española de Radiodifusión, S.A.	7,473	-	68,100	170,702
CANAL 4 NAVARRA, S.L.	2,095	-	-	-
SOGECABLE MÚSICA, S.L.	918	-	-	-
Promotora de Emisoras de Televisión, S.A.	-	-	23,710	(33,364)
Radio Club Canárias, S.A.	-	-	104,843	-
Prisa Brand Solutions, S.L.U.	-	-	54,677	-
Unión de Radio Corporativos, S.A.	-	-	45,137	-
Societat de Comunic. Y Public, S.A.	-	-	16,977	-
Gran Vía Musical de Ediciones, S.L.	-	-	14,657	-
LOCALIA TV MADRID, S.A.	-	-	12,059	-
Productora de Televisión de Salamanca, S.A.	-	-	174	-
	10,175,013	317,054	1,451,844	173,093
	10,682,676	18,331,155	3,584,031	15,260,714

	2011				
	Services rendered	Other operating revenue	Financial income	Supplies and services	Financial costs
Top parent company:					
Promotora de Informaciones, S.A.	-	-	462,558	2,587,558	-
Parent company:					
VERTIX	18,072	8,352	-	-	217,085
	18,072	8,352	462,558	2,587,558	217,085
Associated companies:					
SOCATER	932,357	-	-	-	-
Plural - Jempsa, S.L.	63,440	5,606	-	-	-
Plural Brasil	-	-	18,924	-	-
	995,797	5,606	18,924	-	-
Other companies:					
Sociedade General de Televisión Cuatro, S.A.	15,952,356	-	-	-	-
Prisa Televisión, S.A.U.	2,837,224	-	-	452,664	-
Promotora General de Revistas, S.A.	695,810	55,731	-	77,137	-
Planet Events, S.A.	119,152	-	-	-	-
Santilhana Editores,S.A.	26,231	-	-	71	-
Diario AS,S.L	16,771	-	-	-	-
Prisa Digital, S.L.	11,200	-	-	40,411	-
Sociedade Española de Radiodifusión, S.A.	3,669	-	-	(739)	-
Prisa Brand Solutions, S.L.U.	(8,000)	-	-	-	-
RADIO CLUB CANARIAS, S.A.	-	-	-	44,901	-
	19,654,413	55,731	-	614,445	-
	20,668,282	69,689	481,482	3,202,003	217,085

The more significant balances with related parties, at 31 December 2011, were as follows:

Promotora de Informaciones, S.A.

(a) The accounts receivable correspond essentially to a cash pooling contract with PLURAL Entertainment España, totalling 16,594.537 Euros, which bears interest at the Euribor one month rate plus a spread of 0.1%.

(b) Accounts payable include the amount of approximately 9,250,000 Euros relating to the purchase of Plural Entertainment España, which is recorded at amortized cost using the effective interest rate. In 2012 the amount of 9,250,000 Euros was paid to that entity as a result of the purchase.

Sociedade General de Televisión Cuatro, S.A. and Prisa Televisión, S.A.U. (previously called Sogecable, S.A.)

(c) The accounts receivable result from the operations of Plural España.

The receipts and payments relating to loans between related companies in the year ended 31 December 2011 were as follows:

Receipts relating to:	
Repayment of loans granted:	
Prisa	11,646,964
Plural Brasil	332,642
Jempsa	179,869
	12,159,475
Payments relating to:	
Loans granted:	
Prisa	9,117,294
Plural Brasil	505,038
Jempsa	393,316
	10,015,648

In addition, in the years ended 31 December 2012 and 2011 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; and
- Treasury loans.

35. FINANCIAL COMMITMENTS ASSUMED AND NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

At 31 December 2012 and 2011, the Company had contracts and agreements with third parties to purchase rights, broadcast films and other programs in the amounts of 15,659,875 Euros and 21,704,109 Euros, respectively. The estimated years in which the films and programs will be available for broadcasting are as follows:

31 de dezembro de 2012:

Nature	2013	2014	2015	2016 and following years	To be defined	Total
Films	17,694	3,098,062	1,828,108	1,218,697	25,000	6,187,561
Series	-	28,977	282,422	-	78,115	389,514
Entertainment	132,800	-	-	-	-	132,800
Sports	2,724,167	4,430,000	1,795,833	-	-	8,950,000
	2,874,661	7,557,039	3,906,363	1,218,697	103,115	15,659,875

31 de dezembro de 2011:

Nature	2012	2013	2014	2015 and following years	To be defined	Total
Films	12,527	421,320	1,308,209	146,797	70,920	1,959,773
Series	115,156	526,971	263,487	997,800	6,698	1,910,112
Entertainment	72,228	91,884	95,712	1,031,000	-	1,290,824
Sports	6,127,567	4,310,000	4,310,000	1,795,833	-	16,543,400
	6,327,478	5,350,175	5,977,408	3,971,430	77,618	21,704,109

36. OPERATING LEASES

At 31 December 2012 and 2011 the Company had liabilities not reflected on the statement of financial position of 14,287,405 Euros and 17,070,061 Euros, respectively, under operating lease contracts.

The liabilities are as follows:

(a) Lease contract of the Company's installations ending on 31 December 2017, with a right of preference for renewal.

Amounts recognized as cost:	2012	2011
Minimum operating lease payments - Queluz installations	1,114,629	1,255,187

The liabilities assumed under the operating lease contract, not included in the statement of financial position, at 31 December 2012 and 2011, were as follows:

Responsibilities assumed:	2012	2011
2012	-	1,468,322
2013	1,100,004	1,100,004
2014	1,100,004	1,100,004
2015	1,100,004	1,100,004
2016 and following years	2,200,008	2,200,008
	5,500,020	6,968,342

(b) Vehicle lease contract for 3 and 5 years.

Amounts recognized as cost:	2012	2011
Minimum lease payments for vehicles	990,702	1,128,054

The liabilities assumed under these vehicle lease contracts at 31 December 2012 and 2011 were payable as follows:

Liabilities assumed:	2012	2011
2012	-	1,003,834
2013	915,093	836,583
2014	640,642	569,418
2015	485,937	415,494
2016	241,254	181,793
2017	5,682	-
	2,288,608	3,007,122

(c) Lease contracts for the studio and warehouse installations.

Amounts recognized as cost:	2012	2011
Minimum lease payments for the studios and warehouses	717,276	865,328

The liabilities assumed under these lease contracts at 31 December 2012 and 2011 are payable as follows:

Liabilities assumed:	2012	2011
2012	-	746,800
2013	725,975	746,800
2014	744,384	746,800
2015	763,261	746,800
2016 and following years	4,265,157	4,107,398
	6,498,777	7,094,597

37. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following rates of exchange were used, at 31 December 2012 and 2011, to translate foreign currency assets and liabilities to Euros:

	2012	2011
US Dollar	1.3183	1.3065
British Pound	0.8170	0.8342
Swiss Franc	1.2080	1.2196

In addition, at 31 December 2012 and 2011 the following exchange rates were used to translate the US Dollar financial statements of Group companies to Euros:

	2012	2011
Rate of exchange at the statement of financial position date	1.3183	1.3069
Average rate of exchange for the year	1.2851	1.3818

In addition, there are fixed assets that were translated at the historical rates of 1.2405 and 1.9190.

38. CONTINGENT ASSETS AND LIABILITIES

The Group received additional corporation income tax assessments in the years 2009 to 2012 in the amount of approximately 3,600,000 Euros. 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 2,300,000 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

39. GUARANTEES GIVEN TO THIRD PARTIES

The Group had the following bank and other guarantees given to third parties, at 31 December 2012:

Union des Associations Européennes de Football - âmbito do acordo com a TVI (a)	10,775,000
Direcção Geral de Impostos – processes under execution (b)	11,479,572
De Lage Laden International, B.V.- Sucursal em Portugal - guarantees and sureties relating to compliance with the contract to acquire equipment	2,243,272
Competition prizes	2,286,196
Radio expansion projects	289,981
Legal and other processes (b)	60,000
Guarantee of good payment - rendering of services contracts	45,520
Guarantor on finance contracts of the subsidiary, Plural Jempsa	1,430,955
	28,610,496

(a) Bank guarantee under an agreement to acquire the rights to broadcast the Champion's League up to 2015.

(b) Processes provided for based on the opinions of the Group's lawyers.

40. 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 2012 amounted to 1,796,114 Euros (2,489,385 Euros in 2011).

Remuneration for the year ended 31 December 2012 is divided between fixed remuneration of 1,684,022 Euros and variable remuneration of 112,092 Euros (1,837,469 Euros and 651,916 Euros in 2011, respectively).

In addition variable remuneration of 491,582 was granted in 2011, which was only paid in 2012.

All the remuneration earned by the Company's key members 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.

41. FINANCIAL INSTRUMENTS

At 31 December 2012 and 2011, the main financial instruments, recorded at amortized cost, were as follows:

	2012	2011
Financial assets:		
Available-for-sale assets (Note 19)	7,632	7,632
Receivables	60,459,173	77,099,440
Cash and cash equivalents (Note 25)	10,790,484	11,812,544
	71,257,289	88,919,616
Financial liabilities:		
Derivative financial instruments (Note 33)	-	1,182,657
Borrowings (Note 28)	113,374,739	116,561,408
Accounts payable	102,490,232	129,504,899
	215,864,971	247,248,964

At 31 December 2012 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 2012. However, the Group's Board of Directors believes that the book value of the loans does differ significantly from their fair value, as the majority of the loans have market spreads that reflect the level of risk attributed by the lenders.

The borrowings were renegotiated in 2012 and the interest rates were updated and so their conditions are up-to-date considering the current financial market conditions and the risk level that the banks attribute to the Group and so their book value does not differ significantly from their fair value.

Grupo Media Capital is exposed essentially to the following financial risks:

(a) Market risk

Market risk results from changes in interest rates and exchange rates.

(i) Interest rate

Interest rate risk relates essentially to the variable interest rate to which the commercial paper program is subject.

At 31 December 2012, the full amount of the loan contracted was exposed to changes in the market interest rate, the derivative financial instrument fixing the interest rate having matured on 20 December 2012 (Note 33).

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2012 and 2011 net profit for these years would have increased or decreased by 280,000 Euros and 300,000 Euros, respectively.

The Company's sensitivity to changes in interest rates throughout the year was partially limited by the contracting of an interest rate fixing instrument. In the years ended 31 December 2012 and 2011 the way of determining fair value of the interest rate fixing derivative, reflected in the financial statements at fair value, was determined based on observable market inputs, having been valued by an independent specialized entity.

(ii) Exchange rate

Exchange rate risk relates essentially to exposure to the investment in Plural Entertainment (participated in by PLURAL España, with head office in Miami) as well as to debts in currencies other than the Euro, the Group's reporting currency.

The exposure in Plural Entertainment Inc. at 31 December 2012 relates to net assets of 2,896,102 USD (2,183,101 Euros).

In addition, exchange rate risk, at 31 December 2012, relate to:

- Television program broadcasting rights contracts entered into with several foreign producers;
- Cinema and video program broadcasting rights contracts with independent producers.

The exchange 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 2012 and 2011, net profit for these years would have increased or decreased by approximately 3,000 Euros and 4,000 Euros, respectively. In addition, the negative effect of the translation of the operations realized abroad recorded in equity would be approximately 5,000 Euros for the years 2012 and 2011.

The Euro equivalents of the Company's foreign currency balances, translated at the exchange rates in force at 31 December 2012 and 2011 are as follows:

Overdue balances	2012	2011
Up to 90 days	654,231	999,524
From 90 to 180 days	24,460	29,107
More than 180 days	78,377	21,474
	757,068	1,050,105

In addition, at 31 December 2012 and 2011 there were contracts and agreements in foreign currencies for the purchase of rights, exhibition of films and other programs in the amounts of 6,316,563 Euros and 3,359,432 Euros, respectively.

If the rates of exchange at 31 December 2012 and 2011 were 5% higher or lower the amount of the commitments would have increased or decreased by approximately 24,000 Euros and 13,000 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 23 and 24), 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 29.

The Board of Directors believes that the estimated impairment losses at 31 December 2012 are adequately provided for 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 29. In addition, the financial discount allowed for early payment or payment on demand serve as a measure to reduce the credit risk of the Group's various businesses.

At 31 December 2012 and 2011, accounts receivable include balances due as detailed below, for which no impairment losses were recognized as the Board of Directors considers the balances to be realizable:

Overdue balances	2012	2011
Up to 90 days	5,364,631	2,722,276
From 90 to 180 days	1,372,483	2,156,814
More than 180 days	2,722,386	5,264,110
	9,459,500	10,143,200

(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 2012 cash and cash equivalents and the unused amount of the commercial paper program and credit lines totalled 19,218,517 Euros, respectively. In February 2013 an increase of 10,000,000 Euros was negotiated for the Commercial Paper program. Also, at 31 December 2012 factoring advances of 4,252,782 Euros were available. The Company believes that this amount, together with the operating cash flow, is sufficient to cover its short term financial liabilities. Financial liabilities at 31 December 2012 and 2011 mature as follows:

Financial liabilities	2012 Uo to 1 year	1 to 2 years	+ 2 years	Total
Remunerated:				
Borrowings	27,056,172	75,743,116	10,575,451	113,374,739
Other current liabilities (Factoring)	5,747,216	-	-	5,747,216
Non-remunerated:				
Current tax liability	6,373,186	-	-	6,373,186
Other current liabilities	37,299,126	-	-	37,299,126
Trade and other payables	53,070,704	-	-	53,070,704
	129,546,404	75,743,116	10,575,451	215,864,971

Financial liabilities	2011 Uo to 1 year	1 to 2 years	+ 2 years	Total
Remunerated:				
Borrowings	34,904,519	23,068,699	58,588,190	116,561,408
Other current liabilities (Factoring)	10,000,000	-	-	10,000,000
Non-remunerated:				
Current tax liability	1,588,017	-	-	1,588,017
Other current liabilities	55,154,351	-	-	55,154,351
Trade and other payables	62,762,531	-	-	62,762,531
Derivatives by results	1,182,657	-	-	1,182,657
	165,592,075	23,068,699	58,588,190	247,248,964

42. THE STATUTORY AUDITOR’S FEES

The statutory auditor’s fees invoiced for the years ended 31 December 2012 and 2011 amounted to 390,112 Euros and 456,358 Euros, respectively, made up as follows:

Nature of the services	2012	2011
Legal audit of the accounts	270,500	325,495
Tax consultancy	112,212	130,863
Other non-attest services	7,400	-
	390,112	456,358

43. 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 2012 AND 2011

(Amounts stated in Euros)

(Translation of statements of financial position originally issued in Portuguese - Note 23)

ASSETS	Notes	2012	2011
NON-CURRENT ASSETS:			
Intangible assets	9	70,583	72,600
Tangible assets	10	57,534	84,348
Investments in subsidiaries	11	174,413,138	174,413,138
		174,541,255	174,570,086
CURRENT ASSETS:			
Trade and other receivables	12	348,077	434,816
Other current assets	13	16,246,950	11,949,214
Cash and cash equivalents	14	39,474	70,874
		16,634,501	12,454,904
TOTAL ASSETS		191,175,756	187,024,990

EQUITY AND LIABILITIES	Notes	2012	2011
EQUITY:			
Capital	15	89,583,971	89,583,971
Reserves	15	57,623,800	57,312,822
Retained earnings	15	23,535,520	23,535,520
Net profit for the year		1,228,070	6,125,485
Total equity		171,971,361	176,557,798
Current tax liabilities	8	6,373,186	1,074,988
Trade and other payables	16	3,205,340	3,992,446
Outros passivos correntes	17	9,625,869	5,399,758
Total liabilities		19,204,395	10,467,192
TOTAL EQUITY AND LIABILITIES		191,175,756	187,024,990

The accompanying notes form an integral part of the statement of financial position as of 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts stated in Euros)

(Translation of statements of comprehensive income originally issued in Portuguese - Note 23)

	Notes	2012	2011
OPERATING REVENUE:			
Services rendered	4 and 19	4,856,318	4,822,719
Other operating revenue	4 and 19	382,163	619,517
Total operating revenue		5,238,481	5,442,236
OPERATING EXPENSES:			
Supplies and services	5	(2,887,293)	(3,651,852)
Personnel expenses	6	(2,518,192)	(1,832,152)
Amortization and depreciation	10	(28,831)	(62,722)
Other operating expenses		(36,611)	(173,329)
Total operating expenses		(5,470,927)	(5,720,055)
Operating loss		(232,446)	(277,819)
NET FINANCIAL INCOME:			
Financial expense, net	7	(257,513)	(269,432)
Financial income	7	313,823	410,245
Net financial income		56,310	140,813
Gains on subsidiaries	11	1,228,517	6,253,975
		1,284,827	6,394,788
Profit before tax		1,052,381	6,116,969
Income tax	8	175,689	8,516
Net profit for the year		1,228,070	6,125,485
Comprehensive income		1,228,070	6,125,485

The accompanying notes form an integral part of the statement of comprehensive income for the year ended 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 23)

	Notes	2012	2011
OPERATING ACTIVITIES:			
Cash receipts from customers		5,978,620	5,943,742
Cash paid to suppliers		(4,252,859)	(2,067,252)
Cash paid to employees		(2,111,078)	(1,817,090)
Flows generated by/(used in) operations		(385,317)	2,059,400
(Payments)/receipts relating to income tax	8	1,247,165	-
Other (payments)/receipts relating to operating activities		(3,832,679)	414,596
Net cash (used in)/from operating activities		(2,970,831)	2,473,996
INVESTING ACTIVITIES:			
Cash received relating to:			
Interest and similar income		411,004	-
Dividends	11	-	6,253,975
Sale of tangible assets		-	27,500
Loans to participated companies	14	11,908,827	9,926,000
		12,319,831	16,207,475
Cash paid relating to:			
Loans to participated companies	14	(8,881,012)	(12,319,903)
Acquisition of tangible assets		-	(72,600)
		(8,881,012)	(12,392,503)
Net cash from investing activities (2)		3,438,819	3,814,972
FINANCING ACTIVITIES:			
Cash received relating to:			
Borrowings from the parent company	19	5,460,000	-
Cash paid relating to:			
Dividends	15	(5,814,507)	(6,253,975)
Payment of finance lease contracts		-	(6,160)
Interest and similar costs		(144,881)	(5,666)
		(5,959,388)	(6,265,801)
Net cash used in financing activities (3)		(499,388)	(6,265,801)
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		(31,400)	23,167
Cash and cash equivalents at the begining of the year	14	70,874	47,707
Cash and cash equivalents at the end of the year	14	39,474	70,874

The accompanying notes form an integral part of the cash flow statement
for the year ended 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Amounts expressed in Euros)

(Translation of statements of changes in equity originally issued in Portuguese - Note 23)

	Capital (Note 15)	Reserves (Note 15)	Retained earnings	Net profit for the year	Total equity
Balance at 31 December 2010	89,583,971	39,113,873	23,535,520	24,452,924	176,686,288
Appropriation of net profit for the year					
Transfer to reserves (Note 15)	-	18,198,949	-	(18,198,949)	-
Distribution of dividends (Note 15)	-	-	-	(6,253,975)	(6,253,975)
Net profit for the year	-	-	-	6,125,485	6,125,485
Balance at 31 December 2011	89,583,971	57,312,822	23,535,520	6,125,485	176,557,798
Appropriation of profit:					
Transfer to reserves (Note 15)	-	310,978	-	(310,978)	-
Distribution of dividends (Note 15)	-	-	-	(5,814,507)	(5,814,507)
Net profit for the year	-	-	-	1,228,070	1,228,070
Balance at 31 December 2012	89,583,971	57,623,800	23,535,520	1,228,070	171,971,361

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2012.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

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 Castelhano, 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 “the Media Capital Group”), 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 being included in the consolidated financial statements of Promotora de Informaciones, S.A. (“Prisa”), the parent company of VERTIX.

These financial statements were approved by the Board of Directors on 20 February 2013.

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

44. 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 and operating revenue and net profit by 160,106,087 Euros, 205,985,867 Euros 179,080,089 Euros and 10,710,993, respectively, and decrease equity by 45,879,780 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 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, as follows:

	Years
Computer programs	3 - 4

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 the 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:

	Years
Buildings and other constructions	10
Transport equipment	4
Administrative equipment	4
Other tangible fixed assets	3 - 10

2.21 Statement of financial position classification

Assets realisable and liabilities to be settled within one year from the statement of financial position date, or 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 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, 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 the amount recorded 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 equivalentes

Cash and cash equivalents comprise cash on hand and demand and term deposits 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.

2.24 Impairment of no-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 expense 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.

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. The reversal of impairment losses is recognized as operating revenue in the statement of profit and loss. However, impairment losses are only reversed up to the amount that would have been recognized (net of amortisation and depreciation) if the impairment loss had not been recognized in previous periods.

2.25 Income tax

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

The Company estimates income tax in accordance with the special regime for the taxation of groups of companies, which covers all the companies in which it has a direct or indirect participation of at least 90% and have the necessary conditions to be included in this regime. Such conditions include being resident in Portugal and being subject to corporation income tax, as well as the existence or not of tax losses carried forward from periods prior to inclusion in the regime.

Deferred tax is calculated based on the 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 valued periodically at the tax rates in force, or announced to be in force, on the dates the temporary differences are expected to reverse.

Deferred tax assets are only recognized when there is strong 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 the end of each year a review is made of such deferred taxes, these being decreased whenever their future use is no longer probable.

Deferred taxes are recorded as costs 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 correspond 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 they relate to, regardless of the date they are paid or received. The Company estimates the amount of costs and revenue 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 as of 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.

45. CHANGES IN ACCOUNTING POLICIES, JUDGEMENTS, ESTIMATES AND CORRECTIONS OF FUNDAMENTAL ERRORS

There were no changes in accounting policies in 2012 in relation to those used to prepare the financial information for 2011 in accordance with the requirements of IFRS and no significant corrections of prior year errors were recognized, except for the effect of adopting the new standards and interpretations or the changes in them that came into effect in years starting on 1 January 2012.
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 2012:

Standard	Applicable to years starting on or after	
IFRS 7 – Amendment (Transfer of financial assets)	1-Jul-11	This amendment requires a greater number of disclosures relating to the transfer of financial assets.

The adoption of the above amendment did not have a significant effect on the Group's financial statements for the year ended 31 December 2012.

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 2012 and 2011 include the recoverable value of investments in subsidiaries.

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. In 2012 there were no significant changes in the main estimates made by the Company in preparing the financial statements.

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	Applicable to years starting on or after	
IFRS 10 – Consolidated financial statements	1-Jan-14	This standard established the requirements relating to the presentation of consolidated financial statements of the parent company, substituting, for these matters, standard IAS 27 – consolidated and separate financial statements and SIC 12 – Consolidation – Special Purpose Entities. This standard also introduced new rules regarding the definition of control and determination of the consolidation perimeter.
IFRS 11 – Joint agreements	1-Jan-14	This standard substitutes IAS 31 – Joint Ventures and SIC 13 – Jointly Controlled Entities – Non Monetary Contributions by Developers, and eliminates the possibility of using the proportional consolidation method for recording interests in joint ventures.
IFRS 12 – Disclosures relating to participations in other entities	1-Jan-14	This standard establishes a new set of disclosures relating to participations in subsidiaries, joint agreements, associates and entities not consolidated.
IFRS 13 – Measurement of fair value	1-Jan-13	This standard substitutes the guidelines existing in the various IFRS standards relating to the measurement of fair value. This standard is applicable when another IFRS requires or permits measurements or disclosures of fair value.
IAS 27 – Separate financial statements (2011)	1-Jan-14	This standard restricts the scope of application of IAS 27 to separate financial statements.
IAS 28 – Investments in Associates and Jointly Controlled Entities (2011)	1-Jan-14	This amendment ensures consistency between IAS 28 – Investments in Associates and the new standards adopted, especially IFRS 11 – Joint Agreements.

IAS 12 – Amendment (recovery of deferred tax assets)	1-Jan-13	This amendment establishes the assumption that the recovery of investment properties measured at fair value in accordance with IAS 40 is realized through sale.
IAS 19 – Amendment (defined benefit pension plans) (2011)	1-Jan-13	This amendment introduced the following changes relating to defined benefit pension plan financial statements: (i) actuarial gains and losses are fully recognized in reserves (the corridor method no longer being allowed); (ii) a single interest rate becomes applicable to calculate the amount of the liability and the plan's assets. The difference between the real return on the plan's assets and the single interest rate is recorded as actuarial gain/loss; (iii) costs recognized in profit and loss correspond only to current service and net interest cost.
IFRS 1 – Amendment (Hyper-inflation)	1-Jan-13	This amendment provides guidelines as to how entities must present their financial statements in accordance with IFRS after a period in which they could not be presented due to their functional currency being subject to hyper-inflation.
IAS 1 – Amendment (Other Recognized Income)	1-Jul-12	This amendment refers to the following changes: (i) the items included in Other Recognized Income that will in the future be recognized in profit and loss must be presented separately; (ii) the Statement of Recognized Income must also be called the Statement of Profit and Loss and Other Recognized Income.
IFRS 7 – Amendment (2011)	1-Jan-13	This amendment requires additional disclosures relating to financial instruments, namely information regarding those subject to compensating and similar agreements.
IAS 32 – Amendment (2011)	1-Jan-14	This amendment clarifies certain aspects of the standard due to diversity in the application of the compensating requirements.
IFRIC 20 – Recognition of certain costs in the production phase of an open pit mine (2011)	1-Jan-13	This interpretation clarifies the recognition of certain costs during the production phase of an open pit mine.

The Company did not early-adopted any of these standards in its financial statements for the year ended 31 December 2012. However, significant impacts on the financial statements are not expected on the future adoption of the standards applicable to the Company's operations.

The following standards, interpretations, amendments and revisions applicable to future years have, to the date of approval of the accompanying financial statements, not been endorsed by the European Union:

Standard	Applicable to years starting on or after	
IFRS 9 – Financial instruments (2010)	1-Jan-15	This standard establishes the requirements for the classification and measurement of financial assets.
Improvements to international financial statement standards (May 2012)	Several (usually 1-Jan-13)	These improvements involve the revision of several standards, namely IAS 16 and IAS 32.
IFRS 1 – Amendment (government subsidies)	1 Jan 2013	Establishes an exception to the retrospective application of the requirements defined in IAS 20 for application to government reduced interest rate concessions
IFRS 10, IFRS 11 and IFRS 12 – Amendments (transition rules)	1 Jan 2013	Amendments to IFRS 10, IFRS 11 and IFRS 12 to clarify the rules of the transition process to the related standards.
IFRS 10, IFRS 12 and IAS 27 – Amendments (investment entities)	1 Jan 2014	Establishes an exception to the preparation of consolidated financial statements of investment entities.

These standards have not yet been endorsed by the European Union and so have not been applied by the Company in preparing the financial statements for the year ended 31 December 2012.

46. OPERATING REVENUE BY NATURE

Operating revenue, for 2012 and 2011, consists, essentially, on management services rendered to Group companies (Note 19).

47. SUPPLIES AND SERVICES

Supplies and services, for the years ended 31 December 2012 and 2011, are made up as follows:

	2012	2011
Specialized services rendered by related parties (Note 19)	1,897,563	2,665,228
Specialized services	615,254	567,278
Rent and lease	172,351	154,909
Travel and lodging	61,966	36,495
Representation expenses	48,146	47,248
Communications	23,181	39,452
Insurance	20,047	57,272
Others	48,785	83,970
	2,887,293	3,651,852

48. PERSONNEL EXPENSES

Personnel expenses, for the years ended 31 December 2012 and 2011, are made up as follows:

	2012	2011
Remuneration	2,012,280	1,448,660
Charges on remuneration	228,953	266,910
Performance bonus	205,957	47,410
Labour accident insurance and related costs	14,499	12,762
Other	56,503	56,410
	2,518,192	1,832,152

The average number of employees of the Company in the years ended 31 December 2012 and 2011 was 21 and 22, respectively.

The increase in personnel expenses, in 2012, results from an internal restructuring in which the Group's corporate boards were concentrated on the Company.

49. NET FINANCIAL INCOME

Net financial income, for the years ended 31 December 2012 and 2011, is made up as follows:

	2012	2011
Financial expense:		
Interest expense	230,751	238,839
Other	26,762	30,593
	257,513	269,432
Financial income:		
Interest obtained from related parties (Note 19)	306,742	410,245
Other	7,081	-
	313,823	410,245
	56,310	140,813

Interest incurred with related parties, in 2012 and 2011, amounted to 191,339 Euros and 217,085 Euros, respectively (Note 19).

50. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Company is subject to corporation income tax at the normal rate of 25% 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 26.5%. In addition, taxable profit for the year ended 31 December 2012 in excess of 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 between 1,500,000 Euros and 10,000,000 Euros;
- 5% for taxable profit exceeding 10,000,000 Euros.

Taxable profit for 2013 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 exceeding 7,500,000 Euros.

In addition, net finance costs for 2013 and following years are deductible for determining annual taxable income progressively up to 2017 to the greater of the following limits:

- 3,000,000 Euros;
- 30% of the profit before amortization and depreciation, net finance costs and taxes.

In accordance with article 88 of the Corporate Income Tax Code the Company is subject to autonomous taxation of a series of charges at the rates mentioned 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 the Company as its head.

Considering the legal nature and corporate objects of the Company, it is covered by the tax legislation applicable to holding companies. In accordance with that legislation dividends received from companies in which participations are held and gains on the sale of participations are not taxable. On the other hand financial costs incurred on loans used to acquire investments and losses on the sale of investments do not have a tax effect.

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 2009 to 2012 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 as of 31 December 2012.

In accordance with current legislation tax losses can be carried forward during a period five years, limited to 75% of the Group's taxable income (six years for tax losses incurred prior to 2010 and four years for tax losses incurred in 2010 and 2011). Tax losses carried forward at 31 December 2012 and 2011 amounted to approximately 4,342,000 Euros and 7,495,000 Euros, respectively, and expire as follows:

	2012	2011
2012	-	3,153,000
2013	1,947,000	1,947,000
2014	2,395,000	2,395,000
	4,342,000	7,495,000

Reconciliation of the tax rate, for the years ended 31 December 2012 and 2011, is as follows:

	2012	2011
Profit before tax	1,052,381	6,116,969
Nominal income tax rate	25.00%	25.00%
Estimated tax charge	263,095	1,529,243
Permanent differences (i)	(303,766)	(1,538,280)
Adjustment to income tax due (ii)	27,277	28,458
Others	(162,295)	(27,937)
	(175,689)	(8,516)
Current tax	(175,689)	(8,516)
Effective tax rate	-16.69%	-0.14%

(i) These amounts for the years ended 31 December 2012 and 2011 are made up as follows:

	2012	2011
Dividends granted (Note 11)	(1,228,517)	(6,253,975)
Others, net	13,452	100,855
	(1,215,065)	(6,153,120)
	25.0%	25.0%
	(303,766)	(1,538,280)

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

The caption "Current tax liability" at 31 December 2012 and 2011 is made up as follows:

	2012	2011
Corporation income tax:		
Estimated tax - RETGS	8,834,158	8,008,985
Payments on account	(2,306,821)	(6,646,500)
Withholdings at source	(154,151)	(287,497)
	6,373,186	1,074,988

The payments of income tax for the year in 2011 were recorded in the cash flow statement caption "Other receipts/(payments) relating to operating activities"

51. INTANGIBLE ASSETS

Intangible assets correspond entirely to computer programs which in 2012 became available to function, being amortized in the amount of 2,017 Euros (Note 10). In 2011 this caption had no entries.

52. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses, in the years ended 31 December 2012 and 2011, were as follows:

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Total
Gross:					
Balance at 31 December 2010	74,850	53,830	134,451	860,958	1,124,089
Sales and write offs	-	(53,830)	-	-	(53,830)
Balance at 31 December 2011	74,850	-	134,451	860,958	1,070,259
Balance at 31 December 2012	74,850	-	134,451	860,958	1,070,259

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Total
Depreciation and accumulated impairment losses:					
Balance at 31 December 2010	16,841	47,849	85,657	826,672	977,019
Increase	7,485	5,981	26,944	22,312	62,722
Sales and write offs	-	(53,830)	-	-	(53,830)
Balance at 31 December 2011	24,326	-	112,601	848,984	985,911
Increase	7,485	-	8,009	11,320	26,814
Balance at 31 December 2012	31,811	-	120,610	860,304	1,012,725

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Total
Net balance at 31 December 2011	50,524	-	21,850	11,974	84,348
Net balance at 31 December 2012	43,039	-	13,841	654	57,534

Amortization and depreciation, recognized in the statement of profit and loss for the years ended 31 December 2012 and 2011, were as follows:

	2012	2011
Tangible fixed assets	26,814	62,722
Intangible assets (Note 9)	2,017	-
	28,831	62,722

53. INVESTMENTS IN SUBSIDIARIES

The amount recorded in investments in subsidiaries, in 2012 and 2011, was unchanged at 174,413,138 Euros.

In 2012 and 2011 Meglo - Media Global, SGPS, S.A. ("Meglo") distributed dividends of 1,228,517 Euros (Note 8) and 6,253,975 Euros (Note 8), respectively, as decided by the Annual General Meetings held on 27 December 2012 and 14 February 2011, respectively. These amounts were recognized in the statement of comprehensive income caption "Gains on subsidiaries". The dividends declared in 2012 will only be paid by Meglo in 2013 (Note 19).

Investments in subsidiaries at 31 December 2012 and 2011 correspond to the investment in Meglo, the head office, assets, equity, total income and net profit for the year of which were as follows:

		2012					
Company	Head office	Total assets	Total revenue	Equity	Net profit for the year	Participation percentage	Book value
Meglo	Lisbon	275,808,977	63,131,346	16,748,887	12,938,384	100%	174,413,138

		2011					
Company	Head office	Total assets	Total revenue	Equity	Net profit for the year	Participation percentage	Book value
Meglo	Lisbon	311,815,568	51,393,758	6,498,010	1,293,175	100%	174,413,138

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 Meglo.

A cash generating unit is the smallest group of identifiable assets which generate cash inflows and which are largely independent of the cash inflows of other assets or groups of assets.

The analysis was made based on business plans/financial projections of the various cash generating units, prepared and approved by the management.

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 discounted cash flow method was used, cash flow projections for five years having been prepared, a perpetuity being considered thereafter. The nominal growth rate used for the perpetuity was 2.5% (2.5% in 2011). Except for Plural España, the discount rate used was 10.1% (10.1% in 2011), for all the cash generating units as it was considered that they all operate directly or indirectly in the media market, the commercial activity, clients and publicity market being seen transversally. In the case of Plural España the discount rate used was 9.6% (10.1% in 2011). A different rate from that used for the other cash generating units was used in this case due to the smaller country risk of Spain.

The annual compound growth rate of the cash generating units under review for the period of the projections (using 2012 as the base) was 9.9% for EBITDA and 1.2% for investment (Capex). The Group believes that the estimates are reasonable, considering that 2012 was an abnormally penalizing year for the market and the initiatives in progress in terms of organic growth and decrease of operating costs.

As a result of the impairment tests made, based on the above methodologies and assumptions, the Group concluded that there are no additional impairment losses to be recognized. The Board of Directors believes that the effect of possible variations in the main assumptions on which the recoverable value of the cash generating units is based, would not imply, for all material purposes, impairment of the above investment.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the impairment tests made would not result in a net book value in excess of the total recoverable amount of the cash generating units, considering a 0.5% variation in the nominal growth rate used in the perpetuity and the discount rate.

54. TRADE AND OTHER RECEIVABLES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012			2011		
	Gross	Accumulated impairment losses	Net	Gross	Accumulated impairment losses	Net
Trade receivables	4,000	(4,000)	-	4,000	(4,000)	-
Receivables from related parties (Note 19)	348,077	-	348,077	434,816	-	434,816
	352,077	(4,000)	348,077	438,816	(4,000)	434,816

55. OTHER CURRENT ASSETS

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012	2011
Accounts receivable from related parties (Note 19)	16,235,027	11,840,454
State and other public entities (Note 18)	2,043	97,754
Others	9,880	11,006
	16,246,950	11,949,214

56. CASH AND CASH EQUIVALENTS

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012	2011
Demand bank deposits	34,899	68,299
Cash	4,575	2,575
	39,474	70,874

Receipts from and payments to subsidiary companies amounting to 11,908,827 Euros (9,926,000 Euros in 2011) and 8,881,012 Euros (12,319,903 Euros), respectively, at 31 December 2012, refer to loans granted, which bear interest at market rates for similar operations.

57. EQUITY

The Company's fully subscribed for and paid up capital at 31 December 2012 and 2011 consisted of 84,513,180 shares of one Euro and six cents each, totaling 89,583,971 Euros.

At 31 December 2012 and 2011 MEDIA CAPITAL's capital was held by the following shareholders:

	2012		2011	
	Shares	Percentage	Shares	Percentage
Vértix, SGPS, S.A. ("VERTIX")	71,576,289	84.69	71,576,289	84.69
PortQuay West I B.V.	8,451,318	10.00	8451318.00	10.00
Others, less than 10% of the capital	4,485,573	5.31	4,485,573	5.31
	84,513,180	100.00	84,513,180	100.00

On 23 February 2011 Vertix sold 8,451,318 shares, corresponding to 10% of its capital and voting rights, to PortQuay West I B.V. (PortQuay). The agreement grants PortQuay the right to exercise an exit mechanism. In August 2012 that entity informed the Company of its intention to exercise the mechanism.

At 31 December 2012 and 2011 the caption "Reserves" was made up as follows:

	2012	2011
Free reserves	53,280,196	53,275,492
Legal reserve	4,343,604	4,037,330
	57,623,800	57,312,822

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 2012 and 2011, amount to 23,535,520 Euros, which corresponds to freely available profits earned in preceding years.

Net profit for the years ended 31 December 2011 and 2010 was appropriated as follows in accordance with decisions taken at the Shareholders' Annual General Meetings held on 21 March 2012 and 1 March 2011:

	2011	2010
Free reserves	4,704	16,976,303
Legal reserve	306,274	1,222,646
Distribution of dividends	5,814,507	6,253,975
	6,125,485	24,452,924
Dividend per share	0.0688	0.0740

As approved by the Board of Directors and mentioned in the Directors' Report a proposal was made to distribute dividends of 5,408,843.52 Euros relating to net profit for the year, which corresponds to a gross dividend of 0.064 per share.

58. TRADE AND OTHER PAYABLES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012	2011
Accounts payable to related parties (Note 19)	2,953,667	3,561,912
Current trade payables	123,383	279,685
Accrued costs:		
Other supplies and services	123,176	145,449
Others	5,114	5,400
	3,205,340	3,992,446

59. OTHER CURRENT LIABILITIES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012	2011
Accounts payable to related parties (Note 19)	8,947,900	4,968,686
Accrued costs:		
Personnel remuneration	551,630	265,687
State and other public entities (Note 18)	126,339	165,385
	9,625,869	5,399,758

60. STATE AND OTHER PUBLIC ENTITIES

This caption, at 31 December 2012 and 2011, was made up as follows:

	2012		2011	
	Accounts receivable (Note 13)	Accounts payable (Note 17)	Accounts receivable (Note 13)	Accounts payable (Note 17)
Value Added Tax	2,043	15,504	97,754	67,046
Social Security contributions	-	45,417	-	49,864
Personal Income Tax	-	65,418	-	48,475
	2,043	126,339	97,754	165,385

61. RELATED PARTIES

The balances at 31 December 2012 and 2011 and transactions in the years then ended with related parties (Prisa Group companies) were as follows:

Balances with related parties:

	2012			
	Trade and other receivables (Note 12)	Other current assets (Note 13)	Trade and other payables (Note 16)	Other current liabilities (Note 17)
Top parent company:				
Prisa	4,515	121,406	2,680,512	-
Parent company:				
VERTIX	-	2,395	-	5,768,415
	4,515	123,801	2,680,512	5,768,415
Related companies:				
PLURAL Entertainment Portugal, S.A. ("PLURAL")	166,741	358,258	-	-
MCP - MÉDIA CAPITAL PRODUÇÕES, S.A. ("MCP")	101,821	-	-	484,902
RÁDIO COMERCIAL, S.A. (“COMERCIAL”)	28,242	658,324	-	-
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. (“FAROL”)	25,099	7,464	27	141,314
MEDIA CAPITAL – Editora Multimédia, S.A. (“MULTIMÉDIA”)	19,235	4,397	1,192	202,101
Publipartner - Projectos de Media e Publicidade, Unipessoal, Lda. ("Publipartner")	699	312	-	12,145
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. (“MC SERVIÇOS”)	534	251,676	173,742	115,959
RVA - Rádio Voz de Alcanena, Lda. ("Rádio Voz de Alcanena")	449	-	-	-
Drums Comunicações Sonoras, S.A. ("Drums")	191	-	-	-
Radio Nacional - Emissões de Radiodifusão, S.A. ("Rádio Nacional")	191	-	-	-
MEDIA CAPITAL PRODUÇÕES INVESTIMENTOS - SGPS, S.A. ("MCP INVESTIMENTOS")	105	-	-	59,062
TVI – Televisão Independente, S.A. (“TVI”)	-	10,460,692	7,303	685,711
Meglo	-	4,131,044	-	697,308
EMAV – Empresa de Meios Audiovisuais, Lda. (“EMAV”)	-	94,547	-	-
EPC – Empresa Portuguesa de Cenários, Lda. (“EPC”)	-	24,640	-	-
MCME - Media Capital Música e Entretenimento, S.A. ("MCME")	-	16,733	-	-
CASA DA CRIAÇÃO – Argumentos para Audiovisual, Lda. (“CASA DA CRIAÇÃO”)	-	15,243	-	-
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	-	1,230	1,169	48,649
MCR II - Media Capital Rádios, S.A. ("MCRII")	-	-	-	364,169
RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. (“REGIONAL”)	-	-	-	132,353
R. CIDADE – Produções Audiovisuais, S.A. (“CIDADE”)	-	-	-	124,341
Rádio XXI, Lda.("XXI")	-	-	-	68,404
CLMC – Multimedia, S.A. (“CLMC”)	-	-	-	26,150
MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT")	-	-	-	16,917
	343,307	16,024,560	183,433	3,179,485
Other companies:				
Promotora General de Revistas, S.A.	255	86,368	-	-
Ediciones EL Pais SL	-	298	-	-
PRISA TELEVISIÓN, S.A.U.	-	-	89,097	-
Santillana Editores, S.A.	-	-	625	-
	255	86,666	89,722	-
	348,077	16,235,027	2,953,667	8,947,900

	2011			
	Trade and other receivables (Note 12)	Other current assets (Note 13)	Trade and other payables (Note 16)	Other current liabilities (Note 17)
Top parent company:				
Prisa	-	144,840	1,743,252	-
Parent company:				
VERTIX	-	9,097	-	217,085
	-	153,937	1,743,252	217,085
Related companies:				
PLURAL	209,972	498,405	-	268,501
PLURAL España	54,725	-	-	-
MCP	52,772	-	-	237,187
CLMC	35,350	21,792	-	859,584
MULTIMÉDIA	29,088	62,019	-	240,013
FAROL	27,035	3,215	-	337,749
COMERCIAL	24,745	738,748	-	53,369
Publipartner	1,129	1,651	-	19,718
Meglo	-	6,986,174	1,710,350	1,383,427
TVI	-	2,808,394	-	103,549
EMAV	-	110,885	-	90,548
MCS SERVIÇOS	-	108,081	91,961	55,540
MCP INVESTIMENTOS	-	77,300	-	161,295
EPC	-	66,816	-	68,903
RETI	-	48,148	-	45,834
ENTERTAINMENT	-	38,238	-	40,635
MED CAP	-	34,172	6,504	1,364
XXI	-	14,387	-	12,982
MCME	-	13,726	-	-
IOL Negócios	-	9,143	3,506	29,241
CASA DA CRIAÇÃO	-	5,270	-	15
Lúdricodrome	-	153	-	78
MCRII	-	-	-	299,459
CIDADE	-	-	-	226,463
REGIONAL	-	-	-	216,147
	434,816	11,646,717	1,812,321	4,751,601
Other companies:				
Promotora General de Revistas, S.A.	-	39,800	-	-
PRISA TELEVISIÓN, S.A.U.	-	-	5,712	-
Santillana Editores, S.A.	-	-	627	-
	-	39,800	6,339	-
	434,816	11,840,454	3,561,912	4,968,686

The accounts receivable from Meglo at 31 December 2012 and 2011 result from financial support to the subsidiary's activities and mature in the short term. In addition, at 31 December 2012, they include 1,228,517 Euros relating to dividends granted to the Company by its subsidiary and not yet received (Note 11)

The accounts payable to Vertix at 31 December 2012 result, essentially, from a loan received of 5,460,000 Euros which is repayable in the short term and bears interest at normal market rates for similar transactions.

Accounts receivable recorded in the caption "Trade and other receivables", at 31 December 2012 and 2011, result from Management Fees invoiced by the Company in its capacity as renderer of services and management of investments.

The increase in the amounts reflected in other current assets and liabilities, excluding accounts receivable from Meglo, result essentially from the calculation of income tax in accordance with the Special Regime for the Taxation of Groups of Companies (Note 8).

Transactions with related parties:

	2012				
	Services rendered	Other operating revenue	Financial income (Note 7)	Suplies and services (Note 5)	Financial expense (Note 7)
Top parent company:					
Prisa	-	-	-	957,419	-
Parent company:					
VERTIX	-	7,788	-	-	191,330
	-	7,788	-	957,419	191,330
Related companies:					
TVI	2,865,728	126,948	-	-	-
PLURAL	811,621	60,204	-	855	-
PLURAL España	477,096	-	-	-	-
COMERCIAL	274,910	33,637	-	-	-
MCP	245,740	-	-	-	-
MULTIMÉDIA	93,581	42,900	-	11,628	-
FAROL	81,278	36,408	-	22	-
Publipartner	6,810	3,048	-	-	-
CLMC	(446)	-	-	-	-
MCS SERVIÇOS	-	26,712	-	824,661	-
IOL Negócios	-	12,000	-	21,250	-
Meglo	-	-	306,742	-	-
	4,856,318	341,857	306,742	858,416	-
Other companies:					
Promotora General de Revistas, S.A.	-	32,390	-	-	-
PRISA TELEVISIÓN, S.A.U.	-	-	-	81,728	-
	-	32,390	-	81,728	-
	4,856,318	382,035	306,742	1,897,563	191,330

	2011				
	Services rendered	Other operating revenue	Financial income (Note 7)	Suplies and services (Note 5)	Financial expense (Note 7)
Top parent company:					
Prisa	-	-	-	1,162,363	-
Parent company:					
VERTIX	-	8,352	-	-	217,085
	-	8,352	-	1,162,363	217,085
Related companies:					
TVI	2,667,708	172,128	-	-	-
PLURAL España	656,700	-	-	-	-
PLURAL	656,889	68,760	-	-	-
COMERCIAL	233,791	50,821	-	-	-
MCP	221,720	-	-	-	-
CLMC	163,767	20,196	-	934	-
FAROL	125,612	31,368	-	-	-
MULTIMÉDIA	91,672	154,607	-	14,128	-
Publipartner	4,860	3,276	-	-	-
MCS SERVIÇOS	-	27,653	-	723,412	-
IOL Negócios	-	12,000	-	11,400	-
MED CAP	-	1,380	-	50,668	-
Meglo	-	-	410,245	700,087	-
	4,822,719	542,189	410,245	1,500,629	-
Other companies:					
Promotora General de Revistas, S.A.	-	41,288	-	2,200	-
Santillana Editores, S.A.	-	-	-	36	-
	-	41,288	-	2,236	-
	4,822,719	591,829	410,245	2,665,228	217,085

62. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

The key members of the Company and its subsidiaries are the members of the Board of Directors, their remuneration for the year ended 31 December 2012 amounting 1,796,114 Euros (2,489,385 Euros in 2011).

Remuneration for the year ended 31 December 2012 is divided between fixed remuneration of 1,684,022 Euros and variable remuneration of 112,092 Euros (1,837,469 Euros and 651,916 Euros in 2011, respectively).

In addition, in 2011 variable remuneration of 491,582 Euros was granted by one of the subsidiaries of the Company, which was only paid in 2012.

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.

63. FINANCIAL INSTRUMENTS

Financial instruments, at 31 December 2012 and 2011, are made up as follows:

	2012	2011
Financial assets:		
Accounts receivable (Notes 12 and 13)	16,595,027	12,384,030
Cash and cash equivalents (Note 14)	39,474	70,874
	16,634,501	12,454,904
Financial liabilities:		
Payables (Notes 16 and 17)	19,204,395	10,467,192

Grupo Media Capital's main risk corresponds essentially to credit risk. This risk relates essentially to accounts receivable from related parties resulting from management services invoiced to the various Group companies, as well as the calculation of the Group's income tax, which the Company tries to limit through the payment policy used. This risk is monitored by the Company on a regular basis with the objective of:

- ensuring compliance with the defined payment policy;
- accompanying the evolution of the credit granted;
- analysing the financial condition of the related parties on a regular basis.

64. FEES OF THE STATUTORY AUDITOR

Fees invoiced by the statutory auditor, for the year ended 31 December 2012, amounted to 21,500 Euros and corresponded exclusively to Statutory Audit of the Company's annual accounts.

65. 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 DIRECT

Deloitte.

Deloitte & Associados, SROC S.A.
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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 2012 do Grupo Media Capital, SGPS, S.A. e suas subsidiárias ("Grupo"), as quais compreendem a demonstração consolidada da posição financeira em 31 de Dezembro de 2012, que evidencia um total de 351.281.843 Euros e capital próprio de 126.091.581 Euros, incluindo um resultado líquido consolidado de 11.939.063 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 adoptadas pela União Europeia e que seja completa, verdadeira, actual, clara, objectiva e lícita, conforme exigido pelo Código dos Valores Mobiliários; (iii) a adopção 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 actividade e a actividade 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 aspectos materialmente relevantes, é completa, verdadeira, actual, clara, objectiva e lícita, conforme exigido pelo Código dos Valores Mobiliários, competindo-nos emitir um relatório profissional e independente baseado no nosso exame.

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Inscrição na OROC nº 43
Registo na CMVM nº 231

Âmbito

4. O exame a que procedemos foi efectuado de acordo com as Normas Técnicas e as Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que este seja planeado e executado com o objectivo 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 adoptadas, 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 aspectos materialmente relevantes, se a informação financeira é completa, verdadeira, actual, clara, objectiva 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 efectuado 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 aspectos materialmente relevantes, a posição financeira consolidada do Grupo Media Capital, SGPS, S.A. e suas subsidiárias em 31 de Dezembro de 2012, 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 no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro tal como adoptadas pela União Europeia e a informação nelas constante é, nos termos das definições incluídas nas directrizes mencionadas no parágrafo 4 acima, completa, verdadeira, actual, clara, objectiva 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 Media Capital, SGPS, S.A. nos termos do artigo 245º-A do Código dos Valores Mobiliários.

Lisboa, 21 de Fevereiro de 2013

Deloitte & Associados, SROC S.A.
Representada por João Luís Falua Costa da Silva

Deloitte.

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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 2012 da Grupo Media Capital, SGPS, S.A. ("Empresa"), as quais compreendem a demonstração da posição financeira em 31 de Dezembro de 2012 que evidencia um total de 191.175.756 Euros e capital próprio de 171.971.361 Euros, incluindo um resultado líquido de 1.228.070 Euros, as demonstrações dos rendimentos integrais, dos fluxos de caixa e das alterações no capital próprio 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 seus rendimentos integrais, os seus fluxos de caixa e as alterações no seu capital próprio; (ii) que a informação financeira histórica seja preparada de acordo com as Normas Internacionais de Relato Financeiro tal como adoptadas na União Europeia ("IAS/IFRS") e que seja completa, verdadeira, actual, clara, objectiva e lícita, conforme exigido pelo Código dos Valores Mobiliários; (iii) a adopção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado; (iv) a informação de qualquer facto relevante que tenha influenciado a sua actividade, 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 aspectos materialmente relevantes, é completa, verdadeira, actual, clara, objectiva 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 efectuado de acordo com as Normas Técnicas e as Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que este seja planeado e executado com o objectivo 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 adoptadas 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 aspectos materialmente relevantes, se a informação financeira é completa, verdadeira, actual, clara, objectiva 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 efectuado 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 aspectos materialmente relevantes, a posição financeira da Grupo Media Capital, SGPS, S.A. em 31 de Dezembro de 2012, os seus rendimentos integrais, os seus fluxos de caixa e as alterações no seu capital próprio no exercício findo naquela data, em conformidade com as normas internacionais de relato financeiro tal como adoptadas na União Europeia, e a informação financeira nelas constante é, nos termos das definições incluídas nas directrizes mencionadas no parágrafo 4 acima, completa, verdadeira, actual, clara, objectiva e lícita.

Ênfase

6. As demonstrações financeiras mencionadas no parágrafo 1 acima, referem-se à actividade da Empresa a nível individual e foram preparadas para aprovação 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 verifiquem. Assim, as demonstrações financeiras anexas não incluem o efeito da consolidação de activos, passivos, capital próprio e resultados da empresa participada, o que será efectuado nas demonstrações financeiras consolidadas a 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, 21 de Fevereiro de 2013

Deloitte & Associados, SROC S.A.
Representada por João Luís Falua Costa 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 sua acção fiscalizadora e, bem assim, dar o seu parecer sobre os Relatórios e Contas individuais e consolidadas do exercício findo em 31 de dezembro de 2012 bem como sobre as propostas apresentadas pelo Conselho de Administração da sociedade à Assembleia Geral.

2 Fiscalização da Sociedade

Durante o exercício de 2012, 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, no âmbito da sua actividade, analisou e avaliou durante o ano de 2012, 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.

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 conclusões alcançadas pelos serviços de auditoria interna no âmbito dos trabalhos realizados, determinados e agendados conjuntamente com a Comissão de Auditoria. Não foi detectado qualquer facto digno de relevo no âmbito da actividade das referidas sociedades.

Por considerar que os sistemas de controlo interno e de auditoria 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 apresentar propostas para ajustamentos ou alterações aos sistemas implementados.

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, tendo, durante o exercício de 2012, aquela Comissão reunido seis vezes.

Enquanto interlocutor da empresa e destinatário dos relatórios emitidos, a Comissão de Auditoria reuniu periodicamente com o Revisor Oficial de Contas no sentido de acompanhar os trabalhos de auditoria por ele efectuados e as conclusões atingidas, fiscalizando os trabalhos desenvolvidos pelo Revisor Oficial de Contas. No exercício de 2012, tendo-se procedido à designação dos órgãos sociais para novo mandato e no exercício das suas competências, a Comissão de Auditoria apresentou a proposta de designação para o cargo de Revisor Oficial de Contas na sequência da avaliação do seu desempenho, salvaguardando a necessária independência daquele órgão.

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 e as demonstrações individuais e consolidadas do exercício findo em 31 de dezembro de 2012, 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 2012 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 1/2010 (Governo das Sociedades Cotadas) 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.

Media Capital

Em face do exposto, a Comissão de Auditoria é de opinião que as demonstrações financeiras individuais e consolidadas, o Relatório de Gestão em 31 de Dezembro de 2012, 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, 20 de fevereiro de 2013

A Comissão de Auditoria,

Tirso Olazábal (Presidente)

Jaime Roque de Pinho D' Almeida

Pedro Garcia Guillén