# Annual Report

# 2013

## Grupo Media Capital, SGPS, S.A.

NOTE:

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

## INDEX



**ANNEX**

# CHAIRMAN LETTER

For the first time in the last years, despite the moderate desaceleration in the global economy, markets showed a slight recovery in 2013, especially in what concerns international trade. Furthermore, economic environment indicators improved in the last quarter of the year in the Euro zone, whistl the unemployment rate stabilized.

The improvement in the Portuguese economic framework in the last three months of 2013, led Banco de Portugal to forecast an encouraging real decrease of 0.4% in 2013' Gross Domestic Product (GDP) and a positive 1.1% increase in this same indicator for 2014.

Media Capital succeded, again in 2013, in maintain significant performance levels, thus revealing its extraordinary ability to react, to adapt and to resist agains adverse conditions, intrinsic characteristics of a market leader, strongly commited to the future.

The combination of the best local drama, with an actual, reliable and exempted news programming, the most innovative entertainment formats and the major sports events, assured TVI the leadership of the FTA audience market for the nineth consecutive year. TVI24 reached unprecedent results and continues, already in 2014, to attract new viewers and guaranteeing – along with TVI Ficção, +TVI and TVI Direct –TVI's group of channels audience leadership. Additionaly, content distribution to new markets continues as TVI Internacional expanded its presence and is now presente in eleven countries in four continentes.

In radio, Radio Comercial reinforced the leadership obtained in 2012 and, in a fragilised and fragmented market, Media Capital Radios attained new and ambitious goals, allowing for a positive prediction for the performance of the company durring the current year.

Plural kept its strong commitment with Portuguese culture and language which, along with a notable production capacity and the best professionals of the market, which reflected positively on its audience leading contentes. Technical services and scenario construction expanded once again their international presence.

Concearning digital, Media Capital revealed a strong innovation capacity in developing new interactive and distribution solutions for its contentes, wich were crucial to assure the Group's top position and a reference in its sector.

As for the entertainment and events segment, the positive results achieved in 2013 are expected to improve during 2014.

All these results were only possible due to te competence and commitment of those who work in Media Capital, and to whom I thank for the work that has been developed over the last years.

Media Capital opperates in a stimulating and yet defying sector, that demands companies to quickly interprete and react to market's signs, and I have no doubt that our Group, through its directors, managers and empolyees, will keep on operating with wisdom, determination and endeavour in response to the challenges it faces.

I am confident that, as we surely will surpasse future dificulties, we will also find in each one of them, opportunities to strengthen and to continue to walk the path that, year after year, has made us undisputable market leaders.

Miguel Maria de Sá Pais do Amaral
Queluz de Baixo, February, 2014

# CEO MESSAGE

As in the previous years, in 2013 Media Capital has succesfully faced economic challenges, with the vision and attitude of a market leader. With renewed confidence in our brands, contents and services, our consumers, partners and other stakeholders contributed to the reinforcement of the Group's leadership during 2013, based on the quality, diversity and relevance of our offer.

We are conscious that the success and the future of Media Capital are built everyday, in a permanent stimulus to our capacity to innovate, to react to market challenges and to reinvent ourselves continuously. And all this happens against a sector that is in constant change, defying media companies not only in terms of their offer but regarding organisational and business models.

In this sense, the good results we have achieved and the recognition obtained from the market reflected in TVI's leadership for the nineth consecutive year, in the growth of TVI24, in the expantion of our presence in pay TV, in the reinforce of our radio leadership and in the diversification and impact of our digital solutions. We therefore face 2014 with enhanced certainty that we are on the right path and that we gather the necessary conditions to continue to innovate and to improve our results.

This trust in the future lies, inevitably, in people. Along 2013, Media Capital's professionals showed their dedication and commitment to the Group, responding with vision, talent and effort to the challenges they faced. We know that we will continue face difficulties and that the work of reorganisation of processes and models is, due to the dynamics of the media sector, always unfinished. But we are confident.

We believe that the success of this recovery also lies in the hands of the authorities and bodies responsible for the regulatory framework of the sector. In order to respond to Portuguese viewers needs, privately held FTA television, radio and audiovisual production groups need measures to encourage and enable the development of their activity. Media Capital maintains its total availability to give its contribution.

We have a role to play as market leaders and we will fullfill it. The accelerated rhythm at which the sector, the technology and consumers change their paradigm, require from a leader the enormous capacity to know exactly where, when, how and at what cost to be at any time, with a credible, differentiated and quality offer. And that is our commitment.

I am certain that we will keep on surprinsing our public. I have no doubts regarding the competence and capacity of Media Capital's teams and professionals and I know that, together, we will continue to create a leading company, reference brands and, most of all, the best contents.

Rosa Cullell
Queluz de Baixo, February, 2014

# 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 2013. 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
# 2013 ACCOUNTS

## INTRODUCTION

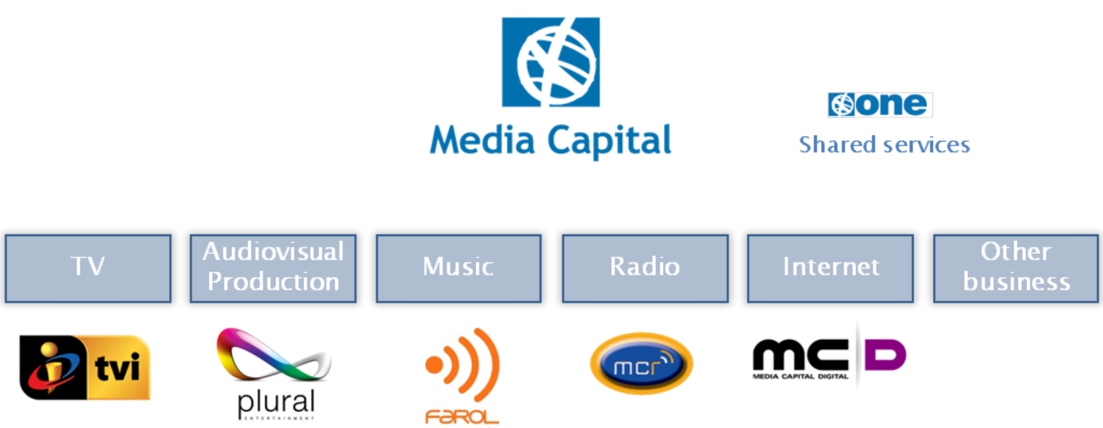
The company Grupo Media Capital, SGPS, S. A. (“Company” or “Society” or “Media Capital” or “Grupo Media Capital” or “Group” or “GMC”) has as its only investment, a 100% share of MEGLO – Media Global, SGPS, S.A. (“MEDIA GLOBAL”). Through this investment the Company holds, indirectly, participations in the companies mentioned in notes 4 and 5 of the Notes to the Consolidated Financial Statements on December 31, 2013.

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 five different business units and a Shared Services Unit that centralizes all the administrative functions and serves the other Group companies in areas such as human resources, accounting, financial management, treasury and purchases, as well as the Group’s Holding.

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



In terms of financial reporting, the structure adopted by Media Capital comprises three reporting segments: Television, Audiovisual Production and Radio. The remaining companies and business units– including Entertainment, Music and Digital – are 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

2013 confirmed the negative perspectives on the world economy, mainly due to the reduced dynamics of the more mature economic zones (especially in Europe) and to a deceleration verified in the emerging economies. However, in the second half of the year, the economic environment slightly improved, with special emphasis on the international trade. In the Euro Zone, economic indicators improved substantially during the last quarter of 2013 which, along with the trend towards the stabilization of the the unemplyment rate, reveal a most favourable economic framework.

These effects were also felt in the Portuguese economy, thus allowing Banco de Portugal to produce an encouraging forecast, pointing to a real decrease of 0.4% in 2013' Gross Domestic Product (GDP) and to a positive 1.1% increase in this same indicator for 2014.

### Advertising market performance

Following the general economic tendency, the Portuguese agencies advertising market (before rappel discounts) felt a new contraction in 2013 (8% drop, 10pp less pronounced than the previous year). This affected all media except for the Internet and Pay TV segments, whose market shares slightly increased by 15% and 3%, respectively.

Regarding the remaining segments, 2013 was particularly punitive for the Press segment, which has registered an approximate decrease of 16%, with particular emphasis on the daily press. Cinema and Outdoor segments fell 23% and 11%.

Concerning the segments where the Group operates, FTA TV fell nearly by 7%, while the Radio segment fell 13% without, however, loosing its 7% market share. Media Capital estimates to have gained market share in the global advertising market.

Regardless the fall of the advertising investment for the sixth consecutive year, it’s not likely that 2014 will become a recovery year, despite the positive data registered at the end of 2013.

## MAIN FACTS IN 2013

- Media Capital's consolidated net profit reached € 13.7 million, (+15% vs 2012)

- Media Capital estimates to have gained market share in 2013 in what advertising is concerned, with the Group's consolidated operating revenues having decreased by a meagre 1%. Notwithstanding the decrease of the advertising market as a whole, the Group benefited from the development of complementary revenues sources. Finally, it is worth highlighting the fact that the free-to-air (FTA) advertising market showed some recovery signs in the last quarter of the year, with an estimated 4% YoY growth.

- For the ninth year in a row, TVI lead audience figures, with an average share of 24.6% and 27.7% in all day and prime time respectively. TVI posted a 3.5pp lead over the second most watched channel in all day and 1.2pp in prime time. TVI's audience leadership also applies when considering family of channels (i.e. all channels from the same operator), with a 26.5% share in all day (29.3% in prime time). On the financial side, the Television segment had a recurring EBITDA of € 37.0 million (margin of 25.5%), representing an increase of 12% when compared with 2012, due to a good performance of operating revenues and cost control.

- The Audiovisual Production segment registered an improvement of its figures in the final quarter of the year, with the EBITDA adjusted for indemnities reaching € 1.4 million. The Group continues to bet on the quality of its contents and to promote efficiency at all levels, hence expecting this segment to improve its results in 2014.

- Radio's segment EBITDA was € 3.2 million (margin of 22.4%), in a record year in both profitability and audience levels. The latter allowed for a sizable improvement in MCR's adverting market share. In fact, MCR kept its advertising revenues stable, although the market should have fallen by 13%. At the end of 2013, Rádio Comercial had its eight consecutive reading as number one radio station in Portugal.

- In Digital, there was an overall growth of 74% in pageviews, with special emphasis in TVI's brands, which had an aggregate share of 49.5%, thereby clearly leading its segment. As a consequence of the good operating performance, this segment contributed positively to the Group's EBITDA.

## BRIEF OVERVIEW OF THE CONSOLIDATED RESULTS

In 2013 Media Capital recorded total consolidated revenues of € 181.7 million, which corresponds to a YoY decrease of only 1%, as the Group managed to almost fully compensate the negative impacts stemming from the advertising market (where to Group estimated to have gained market share).

Opex was also stable vs the previous year. Excluding from the analysis the indemnities observed in both years, opex would have decreased.

Consolidated EBITDA reached € 38.8 million, with a 21.4% margin. Excluding the impact from indemnities and the capital gains from the sale of financial assets, EBITDA was € 40.7 million, 2% above 2012 figure, while the margin expanded 0.7pp to 22.4%.

Consolidated EBIT reached € 29.4 million (1% below 2012), whereas net profit was € 13.7 million (+15%), benefiting from better financial results, as well as lower effective income tax rate.

Adverting revenues were down 7% (thus comparing well vs the 8% estimated decrease for the overall market), which occurred due to the weight of the TV segment (-9%). On the regard, the Radio segment was stable, the Others segment stood 1% below the previous year.

As for other revenues, comprising (among other) audiovisual production, multimedia servicies and transmision rights, these were up 8%, mostly due to TV.

## EXPECTED EVOLUTION IN ACTIVITY FOR 2014

Despites the contraction forecast on the internal demand, the positive evolution of the main macroeconomic indicators impacting Media Capital's activity point to a stabilization of 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 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 2014, 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.

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 2014 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. TVI's group of channels led audiences with a share of 26.5% (the second and third positions registered shares of 24.3% and 17%, respectively). TVI's porfolio also includes TVI Direct, a pay tv channel for the live transmission 24hrs/day of the main channel's reality shows.

Along 2013, TVI's channels reached a daily avreage audience of 5,758 million viewers (4,2 million in prime time).

## ACTIVITY EVOLUTION IN 2013

Notwithstanding the difficult economic environment, the TV segment accomplished a 3% increase in operating revenues.

Advertising revenues were down 9% vs the previous year. Media Capital estimates that the FTA advertising market has fallen by 7%. Other revenues were up 25%, thus compensating the negative market impact in terms of advertising.

Opex was up 2% vs 2012, related with the increase in other revenues, albeit the savings achieved in the remaining activity. TVI adjusted its programming costs, mostly in national contents, as well as sports. This was achieved despite the debut of two new channels (TVI Ficção and +TVI, although the first one had been launched in October 2012).

Excluding from the analysis the indemnities as well as the capital gains on the sale of financial assets, the segment posted and EBITDA of € 37.0 million, which compares with € 33.2 million in 2012 (+12%), with the margin expanding from 23.4% to 25.5% (+2.1pp).

## INITIAL NOTE

At the end of 2013, TVI adopted GfK as the offcial reference for its public audience data. As from march 11, 2013, GfK adjusted its audience measurement panel, incorporating data from the 2011 census and from the Establishment Survey in the second half of 2012, which resulted in na estimated total auditable market of 9,684 million individuals.

## 2013 - LEADER FOR THE NINETH CONSECUTIVE YEAR

According to Marktest/Kantar Media, TVI continued to lead FTA audience shares in Portugal, registering an average audience of 24.6% throughout 2013. The second and third positions among generalist channels obtained shares of 21.1% and 13.1%.

TVI also lead audiences in prime time, with a 27.7% share driven by its entertainment, local drama and news offers. The second position registered 26.5% share and the third position obtained 10.8% share.

Thematic cable channels obtained 28% and 23.7% shares, in all day and in prime time.

Sundays were the best day of the week for TVI during 2013, with major entertainment formats, football matches, drama productions and the 8pm news programme, with Prof. Marcelo Rebelo de Sousa.

## PROGRAMMING

In 2013 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, mainly produced by Plural, maintained its status as one of TVI’s programming pillars, with leading audiences in prime time, reaching multiple targets.

In 2013, TVI premiered “Destinos Cruzados” (January), “Mundo ao Contrário” (April) and “Belmonte” (September), which achieved audience shares of 28.2%, 26.8% and 28.5%, respectively.

In the pre prime time, TVI premiered the juvenile series “I Love It” which registered a 26% in its target audience.

At the beginning of the afternoon, second runs of the best of TVI's novelas registered strong acceptance among Portuguese spectators. "Tempo de Viver", "Ninguém como Tu" and "Outra" (shares of 29.9%, 27.4% and 29.4%, respectively) lead on their timeslots.

## News and Sports

Globally, TVI broadcasted over 1629 hours of information contents during 2013.

As in the previous year, both "Jornal da Uma" (at lunch time) and "Jornal das 8" (8pm) achieved leading shares of 27.6% and 26.2% respectively, that correspond to 694 thousand viewers for "Jornal da Uma" and over 1.1 million viewers for "Jornal das 8". Regarding "Jornal das 8", it is worth mention the participation of Prof Marcelo Rebelo de Sousa on the sunday edition, that often registers leading audiences.

"Repórter TVI" was once again a reference in investigative journalism. Its 29 transmissions recorded during the year reached an average audience of 1.464 million individuals and a share of 28.5%.

In Sports, the matches of the 2012/13 and 2013/14 of the Champions League that TVI broadcasted exclusively in FTA, obtained an audience share of 41.9% (50.7% in Male target), corresponding to more than 2 million viewers. The six matches of the Portuguese Football League obtained an average of 1.8 million viewers (39.7% in share).

## Entertainment

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

TVI's contents lead throughout the day. The morning show "Você na TV" continues to lead on its timeslot with a share of 30.6% and over 420 thousand viewers. Also on weekday's afternoons, talk show "A Tarde é Sua" obtained a leading share of 23.2% (403 thousand viewers).

On weekends, the entertainment show "Não Há Bela Sem João" (Saturday afternoons) and "Somos Portugal" (Sunday afternoon) both lead on their timeslots with 730 thousand viewers and 920 thousand viewers, respectively, with corresponding shares of 22.9% and 27.8%.

The large entertainment formats were on the spotlight throughout the year. The third edition of "A Tua Cara Não me É Estranha", premiered in the beginning of 2013, lead audiences on Sunday nights with 1.3 million viewers and 37.9% share. It is also worth highlighting the reality show "Big Brother VIP" premiered in April, which obtained a similar audience distribution when comparing with the previous reality shows: the Sunday Gala achieved 1.5 viewers and a share of 37.5%. The fourth edition of "Secret Story", premiered on September 29th, lead audiences with 35.4% share and 1.5 million viewers.

During summer, TVI aired "Dança com as Estrelas", which lead on Sunday nights with an average share of 34.7% (over 1.4 million viewers).

TVI maintained its partnership with MEO, to broadcast the daily life in "Big Brother VIP" and "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.

Celebrating its 20th anniversary, TVI broadcasted a special programme that registered leading audiences throughout the day, reaching shares of 42.7% and 41% in the morning and in the afternoon, respectively. The anniversary Gala achieved a share of 38.8%, corresponding to na average of 1.340 million viewers.

The usual Christmas Gala also granted a leading share of 37.6% (1.4 million viewers).

### International Drama

During 2013, TVI maintained its bet on quality series and blockbuster cinema, bruadcasting a total of 361 hours of quality series, such as "Terra Nova" and "Hawai Five-O", both with average audiences of over 425 thousand viewers, and the Emmy and Golden Globe winners "Modern Family" and "Homeland".

Regarding cinema, TVI broadcasted a total of 170 films, corresponding to over 500 hrs of programming.

During February, TVI presented the annual Academy Awards ceremony, exclusively for the 16th year, registering na average of 200 thousand viewers throughout the emission.

## TVI24 – The best year ever

In 2013, TVI24 registered its best year ever since its launch in 2009, reaching a 1.7% share in all day (+37% on a YoY comparison). TVI24 also registered a significant improvement of its share on prime time (+44.6% for the global market).

TVI24's share among news channels was of 28% in all day and of 29% in prime time.

Regarding the channels's total audience, it increased by 29.5% and 32.5% in all day and in prime time.

TVI24 reinforced its news services, as well as its political and economic debate programs (e.g., "Politica Mesmo" and "Olhos nos Olhos"), placing nine programs regularly on the top 20 of the most seen programs in the Portuguese news channels. It is also worth mentioning, the channel's investment on sports contents, such as the "taça da Liga" matches and the sports programs "Prolongamento" and "Maisfutebol".

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

## TVI INTERNACIONAL

TVI Internacional's programming offers a wide variety of the best local drama, entertainment and information contents, not forgetting the special programming customised for each market / country in their area of coverage. In 2013, the internationalisation of Media Capital's products registered an important step up, namely in what regards TVI's channels that kept on taking the best of TVI and TVI24's contents to Portuguese speaking communities around the world.

After entering the Spanish, Australian, New Zealand and USA markets in 2013, TVI Internacional is now available in 11 countries and in 4 continents through 23 different platforms. The channel was already present in Angola, Mozambique, France, Switzerland, Luxembourg, Andorra and Monaco.

## TVI FICÇÃO

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

Launched in the October'12, TVI Ficção obtained in 2013 a total daily audience of 257 thousand viewers.

## + TVI

At the beggining of 2013, following the station's diversification strategy, the exploitation of the Group's capacity in producing quality contents, 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.

Along its first year of existance, +TVI gained a total daily audience of 133 thousand viewers.

## INTERNATIONALIZATION

Aside from TVI Internacional and TVI24, the new channels +TVI and TVI Ficção also expanded their presence abroad and are now available in Angola and Mozambique.

Media Capital established a partnership with Onza Distribution, an experient international content distributor, having TVI's catalogue of products being presented at MIPCOM, the largest trade fair for audiovisual contente.

## OTHER REVENUE STREAMS

Among Other Revenues obtained by the channel, revenue streams were generated from interactive and multimedia services related to TVI's contents and by allowing TVI, TVI24, TVI Internacional, TVI Ficção and +TVI 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 2013.

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 4”, in the final part of the year, as well as other special events along the year.

## Plataforms and internet

TVI invested in evolving its systems in 2013, to turn them into integrated solutions for planning, production and broadcasting of multi-platform innovative content, also creating new and interactive forms to contact with its audience through the development of new apps to several supports and devices and broadening the reach of its cable channels.

Successful examples of these innovations, in non linear contentes, are the interactive programs in TVI Direct “Big Brother VIP” and “Secret Story 4” (with new interactive features, new voting options through facebook and new contents).

Also, the juvenile series “I Love It”, asides from being a huge sucess in social networks, was on the spotlight in MIPCOM as one of the most innovative contentes of the season. The talent show “A Tua Cara não me é Estranha” also had a free voting and gaming app (for iPad, iPhone, Android and PC), especially developed for the semi finals and final.

TVI’s and TVI24’s apps, strongly supported on video contents, registered excelente results, reaching #1 various times and totaling over 1.1 milion downloads. The investment in smartphones and tablets, making TVI’s information available to a wider audience, had strong positive effect abroad, mainly in countries with larger Portuguese communities.

TVI’s network of sites surpased its best marks along 2013, thus maintaing TVI’s undisputable audience leadership among TV channels on the internet, with shares of 45.3% in visits and of 49.5% in pageviews.

# 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 2013

The Audiovisual Production segment had operating revenues of € 42.4 million, decreasing 20% vs 2012.

In Portugal, operating revenues were down 13%, due to the lower revenues associated to tv productions (lower number of hours produced), albeit an important increased rendering of production services and building of scenarios.

In what regards Spain, operating revenues showed a reduction of output to customers in that country (mainly generalist channels, thematic channels and local channels).

In order to improve profitability levels, the Group has opted to adapt its structure while turning it more flexible. With most of the work done, with this movement the production arm is now better prepared to face the future and the sector challenges. Such an effort implied a significant amount of indemnities recorded in 2013.

Given the lower revenues, and excluding indemnities, the EBITDA also fell, having reached a negative figure of € 0.7 million, which compares with € 4.2 million in 2012.

## PLURAL ENTERTAINMENT – Activity in Portugal

In 2013, Plural Entertainment maintained its position as the major audiovisual producer in Portugal, being a reference in local drama and producing over 630 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 quality and excelency of Plural's work were once again recognized by the market, which awarded the company with a Prix Italia in the TV Drama category.

## PRODUÇÃO AUDIOVISUAL

### *Local Drama contents*

In 2013, the novelas "Doce Tentação" and "Louco Amor" (audience leaders) came to an end. "Destinos Cruzados" and "Mundo ao Contrário" were the novelas premiered during 2013.

Plural also began the production of the juvenile series "I Love It" and the novelas "Belmonte" (premiered in the last quarter of 2013) and "O Beijo do Escorpião" (premiered in 2014), two major bets in local drama, to be broadcasted on TVI's prime time.

### *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*

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

Despite a slight decrease in 2013, advertising production is expected to improve during 2014.

## EMAV

In 2013, EMAV kept assuring technical resources for Plural's productions, and succeeded on reinforcing its presence in Portugal and Spain, afirming itself as a major player in this area and diferentiating from the competition through the quality of its services and equipments. Thus, opposing the market, the company registered a positive evolution along 2013.

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

### EPC

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

## PLURAL ENTERTAINMENT – Activity in Spain

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

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

In 2013, over 790 hours of programming were produced, including the following key programmes:

- "Hermano Mayor": Coaching for trouble youth, adapted from the French format "Grand frère". The 6th season registered a share of 8.1%, which is above the channels's average.
- "Torres y Reyes": Weekly program about new technologies and internet.
- "Deportes Cuatro": Sports contents for channel Cuatro, with daily emissions until July 2013.
- "Por la Cara": A fun and entertaining quiz show.
- EMAV mobile unit: Plural was one of the main technical services provider for Canal+ during 2013, assuring the broadcast of a wide variety of sports events.

## Cinema

In Portugal, Plural premiered the movie “Bairro”, a co-production with TVI wich ranked number three among the most seen Portuguese movies of the year.

The 3D animation movie “Futbolín”, co-produced by Plural-Jempsa, Atresmedia Cine and Jorge Estrada Mora Producciones, wich premiered in Argentina in August, was the first animation movie ever to open the San Sebastian Film Festival (in September). “Futbolín” is present in countries worldwide, as Russia, Brazil, Poland, Turkey, Mexico, Colombia or United Kingdom.

In the beginning of 2014, this movie was awarded with a Goya Prize, for Best Animation Movie.

# 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, and events production.

Record publishing is performed by Farol Música (Farol).

## ACTIVITY ENVOLUTION IN 2013

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. 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 2012, 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.

In the second half of 2013, Farol ceased to represent Warner Music International's catalogue in Portugal.

## DIVERSIFIED PROJECTS

Farol maintained its strong bet on Portuguese music and artists. Regarding launches, the special highlights go for the albuns "Tony Carreira – 25 Anos", by Tony Carreira and "Liliane Marise" (by Liliane Marise), which reached, respectively, quadruple platinum and gold record. The album "Fado de Amor", by Rodrigo Costa Felix received the Premios Amália prize and Filipe Pinto saw its work recognized in the MTV Music Awards, receiving the award for Best Portuguese Act. Group's synergies were also important in Farol's launches, with successful records such as the m80 various thematic compilations.

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 57 parties in July and August, which took advantage of the Group's synergies, especially with TVI, m80 and Radio Comercial.

# Radio

## INTRODUCTION

The mainy highlight regarding MCR's activity during 2013 concerns Radio Comercial's market leadership since Q2'12, which represents an historic turning point in the radio's sector in Portugal and has contributed to the good performance of MCR's radios aggregated audience.

During 2013, MCR maintained its diversified commercial offering, with solutions aimed at answering the needs of advertisers, allowing contact and interaction with the public in various platforms and occasions. Whether through the creativity of radio communication proposals, the Group's strong online presence, its association with the country's key musical events, the 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 2013

MCR's advertising revenues were broadly stable when compared with 2012. Following the trend observed over the last years, the Group estimates to have substantially gained market share, has the radio market fell by approximately 13%. Other operating revenues were up 17%, due to the development of other revenue streams, complementary with adverting. As for opex, the variation was rather small, with the Group maintaining its tight grip on cost drivers. As a result, EBITDA adjusted for indemnities was € 3.2 million (improving 4% vs 2012), with a margin of 22.4% (+0.7pp).

## AUDIENCES

Regarding the audiences of the radio market, as of the beginning of 2013 a new methodology was put in place. Hence, the values now published are not comparable with the ones available until the end of 2012.

Regarding the audiences of the radio market, as of the beginning of 2013 a new methodology was put in place. Hence, the values now published are not comparable with the ones available until the end of 2012.

Notwithstanding such changes, audience data continued to highlight the good performance of MCR.

As a matter of fact, MCR's group of radios had, in the final audience measurement of 2013, a reach of 22.3% and a share of 31.4%, with Rádio Comercial standing out, as it kept leadership with a reach of 15.0% (share of 21.1%). It was the eight consecutive audience reading with Rádio Comercial ranking as number one radio in Portugal.

In turn, m80 obtained a reach of 4.0% (share of 5.6%). m80 is the third most listenned to radio station in the Greater Lisbon Area.

Concerning other formats, Cidade FM got a reach of 4.0% (share of 3.9%), thus leading the youngest commercially relevant audience segment.

## 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 2013 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 Rihanna, Bon Jovi, Muse, The Script, Aurea, Gabriel o Pensador, David Fonseca, Keane, Mafalda Veiga, Pablo Alboran, Luísa Sobral, among others.

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

Radio Comercial was awarded "Best Radio" by Marketeer, won the Meios e Publicidade award in the radio category and was considered the brand with the Best Reputation in the radio category.

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 a market niche, SmoothFM (jazz music) reinforced its coverture in the Lisbon area and in the country's central region, whilst VodafoneFM also increased its on place presence and maintained its positioning targeting the younger audience. StarFM terminated its emissions during 2013.

### Leadership and online growth

In 2013, MCR brand's performance on the internet was similar to the previous year, with 35 million monthly pageviews and 2 million unique users.

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 2013 once again as the leading media brand on facebook in Portugal and the first to surpass the 1 million followers mark. It is also worth mentioning that, at the end of 2013, the station surpassed 21 million videos.

# Digital

## 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 2013

In 2013, 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.

In the last quarter 2013, MCD incorporated all MCR's sites in the IOL network of sites, thus reinforcing its growth and position as the Group's digital branch. This integration allows for more cross promotion of contents and brands, and for a more cost effective site management. Also, the integration of the newsrooms and commercial teams from TVI and MCD was reinforced during 2013.

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.

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

Innitial note: as from October, audience measurement on the internet suffered a change in the data collection's methodology. As a consequence, direct YoY comparisons from that date on are discouraged.

In 2013, 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 1.1 million downloads in 2013, corresponding to over 20% 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 74% improvement in MCD's network of sites traffic vs 2012, going from an average of 152 million monthly page views to more than 400 million. TVI's sites registered a share of 45.3% in visits and 49.5% in page views in 2013.

Regarding online advertising, resulting from the development of contents to new platforms and a close follow of advertisers' needs, 2013 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 2013, this operation recovered and MCD increased its client base to 1600. This number is supported by the new line of business (low cost) and by an improved commercial approach.

## Activity in 2013

During 2013, MCD launched various initiatives, including the following highlights:

The partnership agreed with Goodlife involving the exploration by the latter of the collective buying website planeo.pt;

The partnership agreed with OLX – comprising the inclusion of its sites within the ones explored by MCD in terms of advertising;
The new website Spot+ - a portal that aims at being the number one aggregator of contents available at the social networks of VIP's. Simultaneously with this digital product a TV show was also created;
TVI 20 anos – a special website within the TVI's website containing content broadcasted by TVI since its inception;
TVI Economia – integration of the website Agência Financeira within the economy/financial area of TVI24's website;
Representing un unprecedented innovation in Portugal, the TV program "A Tua Cara Não Me é Estranha" (entertainment) had several interactive apps for iPad, iPhone Android and PC, that allowed viewers to play and actively participated in the program as it was aired;
Big Brother VIP – A new site was developed, entirely oriented towards video, where it was possible to follow in real time all the action of this reality show;
Big Brother VIP – new app for Windows 8 that allowed live viewing 24h a day. Paid app with an trial period;
Big Brother VIP – interactive app for MEO (pay-tv operator) with many functionalities (e.g. watching best moments, exclusive cameras, voting, access to the program's facebook page, etc);
Guimarães 2013 – Guimarães is the European Sports City of 2013. MCD's "Mais Futebol" is media partner of the event and is responsible for a special coverage of all the related sports activities;
New website Mais Futebol – a website that adapts itself to different screens and platforms;
Secret Story 4 – new website totally oriented to video, where it is possible to follow every minute of the most watched house in Portugal;
Secret Story 4 – interactive app for MEO (pay-tv), which gives access to exclusive cameras as well as to participate in weekly voting;
Blogs – new business line that explores the potential of the TV channel's stars. Two are already online: dailyCristina.pt and jessyjames.pt;
Website I Love It – the new TVI youth series;
Website "Belmonte" – photos and videos of this novella, and many extras;
Digital Activation – digital marketing that allows Media Capital to reach all sorts of public, as well as managing and differentiate its brands in the digital arena, by means of cross promotions and cross reference of the contents on-air with digital ones. Examples: bambylandia.pt and beinfiniteandawake.blogspot.pt

### E-*commerce* - Planeo.pt

In the beginning of 2013, MCD established a partnership with Goodlife regarding the exploitation of the gourp buying site Planeo. 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 2013, 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.

## MAJOR PROJECTS

In 2013, Media Capital developed two key projects. One of them was a Post Graduation in Journalism, in partnership with ISCTE, one of the main business schools in Portugal. This course was inspired by the "Escuela de Periodismo" de El País.

Other main project in 2013 was the celebration events of TVI's 20$^{th}$ anniversary. Maintaining its strong commitment with the future and education, Media Capital created "20 anos, 20 valores", an initiative targeting the top college students in 20 different courses,that were challenged to present their vision of the future for the next 20 years. This latter initiative had the support of the Portuguese President.

Still regarding TVI's 20$^{th}$ anniversary, Media Capital promoted a conference under the theme "The Journalism of the Future" and donated 200 thousand euros to the Portuguese Institut of Oncology (Instituto Português de Oncologia).

## 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 2013, MCR maintained some of its previous initiatives and new ad formats and campaigns were developed to achieve the goals set for each project, generally involving the MCR’s brands’ most famous faces to increase their visibility and impact, registering good acceptance levels from their listeners.

### Promotion of Culture, art, education and heritage

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

- Maintaining its strong tradition in Portuguese language, and defending national culture and values, TVI assured more than 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 2013, 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 (550 hrs) and programming in Portuguese with additional subtitling (384 hrs).

- With productions in various regions of mainland Portugal and the islands, Plural continues to give a huge contribution to the promotion of culture, encouraging a greater understanding of the country and local populations.

- TVI strongly committed in the promotion of numerous traditional and significant events around the country, registering high acceptance levels by its viewers.

- Training and educational components are also referred to in novelas and series produced by Plural and transmitted by TVI, registering good acceptance levels from its audiences and focusing on relevant, actual and usefull matters to the Portuguese society.

## VOLUNTARY INITIATIVES WITHIN THE GROUP

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

During 2013, 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 2013, Media Capital was once again awarded by the AEM as the media Group which most fullfils Corporate Governance recomendation, obtaining a "AA" 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 is also available a whistle blowing channel, allowing any public or private entity related to the Group to directly and confidentially transmit to auditing committees any miss practice or irregularity that might have occurred within the Group. Both the conduct code and the whistle blowing channel were widely communicated to all employees and were made available in Media Capital's website.

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

### *Intranet*

Since its launch in the end of 2012, Media Capital's intranet launched over 1000 news and registered around 2500 post.

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

### *Public*

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

### *Telephone*

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

### *Online*

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

Together with media agencies, online channels – especially the Media Capital Group site – constitute a privileged means of contact for 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 2013, Media Capital's employees benefited from vocational, technical, linguistic and computer training.

Additionally, Plural is a major contributor to the generation of new professionals in the audiovisual sector in Portugal, 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 120 vacancies for trainees in 2013, in the News, Programming, Marketing, Public Relations Multimedia and Production departments. TVI received students from Universidade Católica Portuguesa, Universidade Nova, Universidade Fernando Pessoa (Porto), Universidade do Algarve, Escola Superior de Coimbra, ISCEM, 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 2013 there were no acquisitions or sales of own shares, and hence on 31 December 2013 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 2013, 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.: 80.027.607 shares, representing 94.69% of the share capital.

## List of Qualified Holdings (as of 31 December 2013)

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 2013:

| Shareholder | Nº of owned shares | Percentage of share capital | Percentage of voting rights |
|---|---|---|---|
| Vertix SGPS, S.A. (a) | 80.027.607 | 94.69% | 94.69% (a) |
| 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.

## 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 2013.

***Members of the Board of Directors***

| | Shares | Nº os shares 31-12-13 | Transactions in 2013 Acquisitions | Alienations | Unit price (€) | Date |
|---|---|---|---|---|---|---|
| Miguel Pais do Amaral | | 0 | | 8.451.318 | 4,14 | 25.02.2013 |
| Rosa Cullell | | 0 | | | | |
| Jaime D'Almeida | | 0 | | | | |
| Javier Lazaro | | 0 | | | | |
| Juan Herrero | | 0 | | | | |
| Manuel Polanco | | 0 | | | | |
| Miguel Gil | | 0 | | | | |
| Pedro Garcia Guillén | | 0 | | | | |
| Tirso Olazábal | | 0 | | | | |

***Statutory Auditor***

| | Shares | Nº of shares 31-12-13 | Transactions in 2013 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 2013, as prepared according to IFRS accounting standards adopted by the European Union, was of Euro 12.642.545,61 Euros (twelve million six hundred and fourty two thousand euros and sixty one 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 631.227,28;

a) Distribution of dividends amounting Euro 9.803.528,88 Euros, corresponding to approximately 72% of the consolidated net result. The distribution of dividends corresponds to a gross dividend per share of Euro 0,116;

b) The remaining net consolidated result to be transferred to Free Reserves.

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

## Declaration of Responsibility

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

## Acknowledgments

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

February 2013

The Board of Directors,

Miguel Pais do Amaral (Chairman)

Rosa Maria Cullell Muniesa (CEO)

Jaime Roque de Pinho D'Almeida

Javier Lázaro Rodríguez

Manuel Polanco Moreno

Miguel Gil Peral

Pedro Garcia Guillén

Tirso Olazábal

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# Corporate Governance Report

NOTE:

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

## INTRODUCTION

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

## PART I – SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

## A. SHAREHOLDER STRUCTURE

### I. Capital Structure

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

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

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

The Company has not subscribed any own shares; no purchases or sales took place in 2013.

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

No protective measures have been adopted with a view to setting limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others.

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

As at 31 December 2013 and to the Company's knowledge, no shareholders' agreements currently in effect include any restrictions concerning the transfer of securities of voting rights.

## II. Shareholdings and Bond Holdings

List of qualifying shareholdings as at 31 December 2013:

| Shareholder | Number of shares owned | Percentage of share capital | Percentage of voting capital |
|---|---|---|---|
| Vertix SGPS, S.A. (a) | 80,027,607 | 94.69% | 94.69% (a) |
| 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., a company governed by Spanish Law.

Media Capital has not issued bonds.

As at 31 December 2013, the following shares were owned by members of the Board of Directors and Audit Committee.

Members of the Board of Directors

| | | Transactions in 2013 | | | |
|---|---|---|---|---|---|
| | No. of Shares 31-12-13 | Purchased | Sold | Unit Price (€) | Date |
| Miguel Pais do Amaral | 0 | | 8,451,318 | 4.14 | 25.02.2013 (i) |
| Rosa Cullell | 0 | | | | |
| Jaime Roque de Pinho D'Almeida | 0 | | | | |
| Javier Lázaro Rodríguez | 0 | | | | |
| Juan Herrero | 0 | | | | |
| Manuel Polanco | 0 | | | | |
| Miguel Gil | 0 | | | | |
| Pedro Garcia Guillén | 0 | | | | |
| Tirso Olazábal Cavero | 0 | | | | |

(i) See privileged information communicated on 26-02-2013 by PortQuay West I B.V. (controlled by Eng. Miguel Pais do Amaral)

Statutory Auditor

| | | Transactions in 2013 | | | |
|---|---|---|---|---|---|
| | No. of Shares 31-12-13 | Purchased | Sold | Unit Price (€) | Date |
| Deloitte & Associados, SROC | 0 | | | | |

Under the terms of Memorandum of Association, 2006 version, and following the favourable opinion of the Audit Committee, the Board of Directors is authorised to increase the company's share capital, on one or more occasions, up to a limit of 15,000,000.00. The Board of Directors shall be responsible for establishing the terms and conditions applicable to each capital increase, as well as the corresponding share subscription and deadlines. Up to 31 December 2013, the Board of Directors had not decided to increase the company's share capital, under the terms defined in the Memorandum of Association.

Regarding business operations and transactions between Media Capital and holders of qualifying shares, controlling companies or group companies, the following took place under normal market conditions:

- A cash pooling agreement was signed between Plural España and Promotora de Informaciones, S.A., on 5 January 2009, for a total amount of 28,203,624.00 euros, with a pending balance as at 31 December 2013 of 2,950,747 euros, on which interest is payable based on the 1 month Euribor rate plus a 2.5% spread.
- A management service provision agreement was signed with Promotora de Informaciones, S.A., which resulted in revenues of approximately 900,000.00 in 2013.

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

## B. GOVERNING BODIES AND COMMITTEES

### I. GENERAL MEETING

#### a) General Meeting Board

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

As at 31 December 2013, the General Meeting Board consisted of the following members:

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

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

The members of the General Meeting Board are assisted by the Company Secretary.

#### b) Exercising of Voting Rights

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

The company considers that the ability of shareholders to attend and participate in General Meetings has been duly guaranteed, considering the low nominal value of Media Capital shares and the possibility of shareholders forming groups in order to meet voting requirements (as established in article 11 of the Memorandum of Association).

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

Article 11 of the Memorandum of Association of Media Capital establishes that shareholders shall be allowed to vote by mail. The Memorandum of Association of Media Capital does not prohibit the carrying out of General Meetings through videoconferencing, as the Company is able to ensure statement authenticity and communications security. Online voting was not implemented during the 2013 General Meeting, as the Company considers that the mail voting system already guarantees that all shareholders are effectively able to exercise their voting rights.

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

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

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

## II. MANAGEMENT AND SUPERVISION

### a) Composition

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

The Board of Directors is appointed and replaced as defined in the Commercial Companies Code. Concerning the appointment of the Board of Directors, any group of shareholders owning more than

10% and less than 20% of the Company's share capital shall be allowed to submit a proposal for the election of a Director, who will act as a minority representative, to the General Meeting, according to points 2 to 5 of Article 392 of the Commercial Companies Code and as defined in article 19 of the Memorandum of Association.

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

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

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

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

The Board of Directors for 2012-2015 and as at 31 December 2013 is composed of the following members:

| | Status | Independence | Date of first appointment | End of term |
|---|---|---|---|---|
| *Chairman:* Miguel Maria de Sá Pais do Amaral | Non-executive | | 16-03-2011 | 31-12-2015 |
| Rosa Cullell | Executive | | 13-07-2011 | 31-12-2015 |
| Miguel Gil | Executive | | 14-12-2005 | 31-12-2015 |

| | | | | |
|---|---|---|---|---|
| Jaime Roque de Pinho D'Almeida | Non-executive | Independent | 10-03-2004 | 31-12-2015 |
| Javier Lázaro Rodríguez | Non-executive | | 21-12-2012 | 31-12-2015 |
| Juan Herrero * | Non-executive | | 03-05-2007 | 31-12-2015 |
| Manuel Polanco | Non-executive | | 15-11-2005 | 31-12-2015 |
| Pedro Garcia Guillén | Non-executive | | 14-05-2009 | 31-12-2015 |
| Tirso Olazábal Cavero | Non-executive | Independent | 25-09-2006 | 31-12-2015 |

* Juan Herrero resigned in 2014, according to a press release issued on 18 February 2014.

Bo Nilsson (non-executive Director) resigned on 22 March 2013. The Board of Directors had appointed Javier Lázaro Rodríguez (following the resignation letter presented by Juan Luis Cebrián Echarri) as a new member of the Board of Directors during a meeting held on 22 December 2012. This decision was officially approved during the General Meeting held on 29 April 2013.

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

The professional qualifications, CVs and other relevant information concerning each member of the Board of Directors, as well as the corresponding professional and/or business relationships with Group companies and holders of qualifying shares representing over 2% of voting rights, are included in an Annex to this Report.

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

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

Under the terms of article 407 of the Commercial Companies Code, the Board of Directors holds the ultimate authority to decide on delegated matters, albeit having delegated some of its powers on the CEO. In fact, the Board of Directors officially approves all actions undertaken by the CEO, as a standard practice. Under the terms of article 5 of the Regulations issued by the Board of Directors, the powers delegated on the CEO do not include the following: (i) definition of Company strategies and general policies; (ii) definition of the Group's business structure; (iii) reaching strategic decisions for which the Board of Directors as a whole should be responsible, owing to the amounts, risks or special characteristics involved.

Without prejudice to power delegation, the Board of Directors includes an additional executive Director, who is responsible for monitoring the actions undertaken by Media Capital Group subsidiaries in specific areas, together with operations managers.

Regarding its organisation, the Media Capital Group includes four business areas, which correspond to the media markets in which it operates – Television, Audiovisual Production, Radio, Music, Digital and Other Business.

As the Group's holding, Grupo Media Capital, SGPS, S.A. is responsible for its strategic development, namely regarding its expansion process, and global management of all business areas, playing a leading role in the decision-making process. In 2013, Media Capital maintained the Executive Committee created in 2011. This committee includes the managers of all Media Capital business areas, who report directly to the Board of Directors. The Executive Committee meets on a regular basis and provides support to the CEO.

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

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

## b) Operation

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

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

In 2013, the executive Directors of Media Capital provided all information required by the remaining members of the Board of Directors or the Audit Committee, in a timely manner.

The performance of executive Directors is evaluated by the Governing Body Appointment and Remuneration Committee, which sets performance evaluation criteria on an annual basis. The

Board of Directors includes seven non-executive members, in order to ensure the effective monitoring and evaluation of the activities undertaken by the remaining members.

The performance of executive Directors is evaluated based on defined criteria, using a professional performance formula defined by the responsible Committee on an annual basis.

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

### c) Governing and Supervisory Committees

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

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

The Corporate Governance and Managing Staff Remuneration Committee will meet whenever the Board of Directors, its Chairman or the Chief Executive Officer requests the issuing of a report or the approval of proposals within the scope of its competences, or whenever this is deemed convenient by its members, for the correct performing of its duties. The Committee met once in 2013.

The Corporate Governance and Managing Staff Remuneration Committee is composed of three to five non-executive members of the Board of Directors. Its composition for 2012-2015 is as follows:

| | Status | Independence | Date of first appointment | End of term |
|---|---|---|---|---|
| Jaime Roque de Pinho D'Almeida | Non-executive | Independent | 10-03-2004 | 31-12-2015 |
| Manuel Polanco | Non-executive | | 15-11-2005 | 31-12-2015 |
| Pedro Garcia Guillén | Non-executive | | 14-05-2009 | 31-12-2015 |

The Company has not created an Executive Committee, having chosen to delegate executive management powers on Rosa Maria Cullell Muniesa, under the terms of article 22 of the

Memorandum of Association and the Regulations issued by the Board of Directors, as described in greater detail in the previous section of this Report.

## III. SUPERVISION

### a) Composition

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

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

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

| | **Status** | **Independence** | **Date of first appointment** | **End of term** |
|---|---|---|---|---|
| *Chairman:* Tirso Olazábal Cavero | Non-executive | Independent | 25-09-2006 | 31-12-2015 |
| Jaime Roque de Pinho D'Almeida | Non-executive | Independent | 10-03-2004 | 31-12-2015 |
| Javier Lázaro Rodríguez | Non-executive | | 21-12-2012 | 31-12-2015 |

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

### b) Operation

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

Under the terms of the Commercial Companies Code, the Audit Committee participated in all meetings of the Board of Directors. The Audit Committee met on five occasions in 2013 to discuss issues related to its duties; all members attended or were represented at all meetings.

### c) Competences and Duties

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

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

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

The Company's internal audit departments, jointly with the Audit Committee, ensure the implementation of internal control and risk management systems, in addition to proposing any necessary adjustments or changes. The Audit Committee did not propose any adjustments or changes to the systems implemented in 2013, as it considered that the control and risk management systems currently in place are suited to the risks identified.

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

## IV. STATUTORY AUDITOR

Company supervision is carried out by Deloitte & Associados, SROC, SA, a company registered with the Chartered Accountants Association, under number 43, and with the CMVM auditors register, under number 231. Deloitte & Associados, SROC, SA was appointed for the 2012-2015 period, during which it will be represented by João Luís Falua Costa da Silva (Chartered Accountant number 883). Deloitte & Associados, SROC, SA was also the Statutory Auditor in 2008-2011, as well as in 2004-2007, during which it was represented by Carlos Manuel Pereira Freire. Previously, Company supervision had been ensured by other accounting companies.

In addition to accounts certification, Deloitte & Associados, SROC, SA provided tax consulting services to the Company and its subsidiaries. The Company contracted out the latter services, albeit safeguarding its independence, as it lacks specialist staff in this field.

## V. EXTERNAL AUDITOR

External audit duties are carried out by Deloitte & Associados, SROC, SA, a company registered with the Chartered Accountants Association, under number 43, and with the CMVM auditors register, under number 231, represented by João Luís Falua Costa da Silva (Chartered Accountant number 883).

Deloitte & Associados, SROC, SA was the external and Statutory Auditor in 2008-2011, as well as in 2004-2007, during which it was represented by Carlos Manuel Pereira Freire. Previously, Company supervision had been ensured by other accounting companies.

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

The Audit Committee is responsible for submitting proposals concerning the appointment of the Statutory Auditor for the next term, as well as analysing the advantages and drawbacks of replacing the Statutory Auditor.

In 2013, the costs of services provided by Deloitte amounted to 434,300 euros, on a consolidated basis, itemised as follows:

1. Accounts review services: 267,500.00 euros (61.6%);

2. Tax consulting services: 125,840.00 (29%);

In addition to engaging the services of Deloitte & Associados, SROC, SA, the Media Capital Group engaged the services of Deloitte SL (Deloitte Spain) to audit the implementation of the U.S. Sarbanes-Oxley Act (“SOX”). The cost of these services amounted to 25,250.00 euros (5.8%).

Media Capital Group companies governed by Spanish law are also audited by Deloitte SL (Deloitte Spain); audit fees amounted to 15,710.00 euros (3.6%) in 2013.

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

# C. INTERNAL ORGANISATION

## I. Articles of Association

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

## II. Whistleblowing

Media Capital has implemented a whistleblowing policy for reporting irregularities allegedly occurred in the Company. In this sense, Media Capital has implemented a system that allows any individual or entity related to the Group (including clients, suppliers, employees, shareholders and other stakeholders) to report any accounting, financial or management irregularities that might have occurred within the Group, or any other illicit activities or wrongdoings, directly to the Audit Committee, in strict confidence, according to management transparency principles and Good Corporate Governance Practice, and observing CMVM recommendations and the principles outlined in the Sarbanes-Oxley Act (“SOX”). This system allows early detection of irregularities that, if practised, might cause major damages to Media Capital Group companies and their stakeholders.

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

## III. Internal Control and Risk Management

The Board of Directors and the Audit Committee are responsible for implementing, evaluating and monitoring internal control systems, particularly in what concerns financial reports and their disclosure, through the Executive Committee, with a view to ensuring that the level of internal control is suited to the risks identified.

The Board of Directors of Media Capital believes it is essential for the Company to implement systems that will allow the following: (i) identification of risks to which the Company is exposed; (ii) measurement of their impact on the Company’s financial performance and value; (iii) comparison between the values at stake and the costs of hedging instruments, if available; and (iv) monitoring of identified risks and hedging instruments.

Internal control procedures aimed at minimising the impact of existing risks on Media Capital and its stakeholders were implemented across the Media Capital Group, under the terms and for the purposes of Section 404 of the Sarbanes-Oxley Act of 2002 (“SOX”).

The Board of Directors considers that the risk control systems implemented are suited to the risks to which Media Capital is exposed, and that detection of potential risks has been ensured, as well as effective action in case of their occurrence. Given its responsibility for defining the Company's general strategic principles, particularly strategic and business plans, management goals, budgets and financial projections, the Board of Directors monitors the internal information and risk control system on a regular basis, ensuring that risks are suitably identified and managed jointly with the business units involved, as described in this Report.

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

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

The Executive Committee of Media Capital is responsible for the following:

- Management of materially relevant risks;

- Implementation and monitoring of the required procedures to ensuring adequate risk control;
- Assessment and quantification of residual risks to which companies are exposed;
- Identification of critical areas and proposing of mitigation measures;
- Provision of new inputs to the Risk Management Model, in order to alert the Company to emerging risks and/or control system deficiencies.

This strategic management tool is a relevant part of the Internal Control and Change Management System implemented across Media Capital, as it allows the Company to meet regulatory requirements and stresses the need to assess and manage the most relevant risks to which Group companies are exposed.

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

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

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

### *i) Regulatory risk*

**Risk**

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

**Risk Control**

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

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

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

### *ii) Financial risk*

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

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

- **Market risk**

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

  *(i) Interest rate risk*

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

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

*(ii) Exchange rate risk*

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

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

- **Credit Risk**

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

- limit the amount of credit granted to clients, considering the corresponding profiles and the period over which amounts have been due;

- monitoring granted credit;

- analysing debt recovery efforts on a regular basis.

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

- the period over which each amount has been due;

- the risk profile of the client;

- the financial condition of the client.

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

- **Liquidity Risk**

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

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

### *iii) Operational risk*

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

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

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

- Entity Level Controls;
- Information Technology Controls;
- Process Level Controls.

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

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

**Entity Level Controls:**

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

**Information Technology Controls**;

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

**Process Level Controls**.

- Revenue management;
- Rights management;
- Human resources management;
- Fixed asset management;
- Tax management;

- Balance sheet management;
- Liquidity management;
- Management of accounts receivable;
- Management of accounts payable;
- Consolidation and reporting management;
- Litigation and contingency management.

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

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

In order to respond to the challenges associated with operational diversity and ensure the effectiveness and suitability of internal control procedures and mechanisms, the Media Capital Group has ensured the existence of an Internal Audit Department, which is responsible for monitoring financial and operational risks.

## IV. Investor Relations

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

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

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

Telephone: + (351) 21 434 76 03

Fax: + (351) 21 434 59 01

E-mail: ir@mediacapital.pt

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

Media Capital strives to ensure that all information requests received are answered shortly. Approximately 20 information requests were received in 2013.

### V. Website

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

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

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

Financial information concerning the five previous years, as well as information on General Meetings held over the three previous years, namely concerning the corresponding agendas, proposals presented, decisions and voting results, are also available on the Company website (http://www.mediacapital.pt).

## D. REMUNERATION

### I. Competent Committees

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

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

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

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

## II. Governing Body Appointment and Remuneration Committee

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

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

As at 31 December 2013, the Committee is composed of the following members:

Chairman: Ignacio Polanco Moreno;

- António García-Mon Marañés;

- Gregorio Marañón y Bertrán de Lis.

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

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

## III. Remuneration Policy

The Board of Directors, the Governing Body Appointment and Remuneration Committee and the Corporate Governance and Managing Staff Remuneration Committee presented the main guidelines of a proposed remuneration policy to the shareholders during the General Meeting held on 29 April 2013. This policy, to be applicable to the members of the Board of Directors and Audit Committee, as well as company managers, as understood according to point 3 of article 248-B of the Portuguese Securities Code, establishes a distinction between executive and non-executive Directors.

The remuneration and compensation policy proposed assumes the existence of a relationship based on trust, competence, effort and commitment, considered essential to Company performance.

The Company believes that both the remuneration and compensation policy that applied to members of the Board of Directors and other company managers in 2013 and the new policy proposed are in line with the cost containment strategy adopted as a result of the global crisis and adverse economic environment. Nevertheless, the proposed policy aims to ensure a suitable balance between the interests of the member of the Board of Directors and other company managers, as understood according to point 3 of article 248-B of the Portuguese Securities Code, and Company interests.

The Company did not pay any compensation amounts in 2013 as a result of resignation or dismissal of any former Directors, nor has it signed any agreements establishing the payment of any compensation to Directors upon the end of their term.

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

EXECUTIVE DIRECTORS

The remuneration and compensation policy applicable to the executive members of the Board of Directors is based on a combination of fixed and variable amounts. The remuneration policy essentially intends to reward commitment and involvement in daily business, thus increasing motivation and aligning itself with long-term business goals, albeit remaining in line with the cost containment policies required as a result of the global crisis and adverse economic environment.

In this sense, the amounts paid to the executive members of the Board of Directors of Grupo Media Capital, SGPS, S.A. include the following: (i) a fixed salary, set according to individual responsibilities and comprising a gross base annual salary and a series of non-cash benefits, namely health and life insurance, as offered to all Media Capital Group employees; (ii) a first variable amount, consisting of a performance bonus paid in the following year, based on specific criteria and calculated according to a professional performance formula defined for the year in question; and (iii) a second variable amount, consisting of a performance bonus payable in the long run. Both performance bonuses are set by the responsible Committees. Executive Directors were affected by the cost containment measures the Company was forced to adopt as a result of the current economic and financial crisis.

NON-EXECUTIVE DIRECTORS

Non-executive Directors (including independent members) earned fixed, regular salaries in 2013. No variable amounts are defined, since their functions in the Board of Directors are based on their wide professional experience and valuable know-how.

The aforementioned salaries were paid to each Director, in equal, successive instalments. Non-executive Directors were affected by the cost containment measures the Company was forced to adopt as a result of the current economic and financial crisis.

STATUTORY AUDITOR

The Statutory Auditor, Deloitte & Associados, SROC, SA, is responsible for Company supervision. The fees paid to the Statutory Auditor are set based on market information concerning similar services. Fees are negotiated annually and supervised by the Audit Committee.

MANAGERS

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

The Corporate Governance and Managing Staff Remuneration Committee reviews the remuneration policy applicable to managers on an annual basis. The amounts paid to managers include a fixed salary and two variable amounts. The first variable amount consists of a performance bonus paid in the following year, based on specific criteria, which are defined and reviewed annually, and calculated according to a professional performance formula defined for the year in question by the Corporate Governance and Managing Staff Remuneration Committee, after results for the previous year have been calculated. The second variable amount consists of a performance bonus payable in the long run, set by the Corporate Governance and Managing Staff Remuneration Committee. Remuneration is in line with the cost containment policy adopted by the Company as a result of the current crisis and adverse economic environment. Company managers were also affected by the cost containment measures adopted.

The Company has not implemented any share allocation plans nor does it grant stock options to members of the Board of Directors or the Audit Committee, or to other Company managers. Moreover, the Company has not implemented any pension schemes applicable to members of the Board of Directors or the Audit Committee.

Additionally, the Company has not implemented any non-cash benefit systems, pension schemes or early retirement schemes aimed at Directors.

## IV. Remuneration Disclosure

The amounts paid to the members of the Board of Directors of the Media Capital Group, both executive and non-executive, over the year ending on 31 December 2013, totalled 1,150,375.44 euros.

Executive Directors are paid by Media Capital Group companies. The following amounts were paid in 2013:

| | Fixed Remuneration (€) | Variable Remuneration (€) |
|---|---|---|
| Rosa Cullell | 350,000.00 | 104,557.00 |
| Miguel Gil | 301,000.00 | 96,069.24 |
| *Total* | *651,000.00* | *200,626.24* |

The following amounts were paid to non-executive Directors in 2013 (corresponding exclusively to fixed salaries):

| | |
|---|---|
| Miguel Pais do Amaral | € 209,000.00 |
| Bo Nilsson | € 7,479.10 |
| Jaime Roque Pinho D' Almeida | € 41,135.05 |
| Javier Lazaro | ------------------- |
| Juan Herrero | ----------------- |
| Manuel Polanco | ------------------- |
| Pedro Garcia Guillen | ------------------- |
| Tirso Olazábal | € 41,135.05 |
| ***Total*** | € 298,749.20 |

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

No compensation amounts were paid in 2013 to former Directors upon cessation of their functions.

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

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

| | |
|---|---|
| Accounts review services | € 267,500 |
| Tax consulting services | € 125,840 |
| SOX implementation audit – Deloitte SL (Deloitte Spain) | € 25,250 |
| Accounts review services – Deloitte SL (Deloitte Spain) | € 15,710 |

The members of the General Meeting Board members earn fixed amounts. In 2013, the members of the General Meeting Board were remunerated for their attendance and participation in the Annual General Meeting of Media Capital, which took place on 21 March 2013. The Chairman and Vice-Chairman of the General Meeting Board were paid 1,500.00 and 750.00 euros, respectively.

### V. Compensation Agreements

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

To the knowledge of the Board of Directors, no agreements have been signed between the Company and Directors and/or managers whose clauses determine the payment of any compensation in case of resignation or unfair dismissal following a change of control.

### VI. Share Allocation Plans and/or Stock Options

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

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

## E. TRANSACTIONS WITH STAKEHOLDERS

### I. Control Mechanisms and Procedures

According to the Regulations issued by the Board of Directors, transactions with stakeholders shall be subject to prior approval by the Board of Directors. Approval shall be based on the opinion of the

Corporate Governance and Managing Staff Remuneration Committee, which shall be responsible for evaluating the transaction in question, considering current market conditions.

Control mechanisms concerning transactions were not required in 2013, as only commercial transactions were performed, under normal market conditions.

No approvals were required in 2013 concerning transactions involving holders of qualifying shares, controlling companies or group companies, as only commercial transactions were performed, under normal market conditions.

## II. Transaction Information

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

## PART II – CORPORATE GOVERNANCE EVALUATION

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

Promotora de Informaciones, S.A. (“Prisa”), which currently owns over 90% (ninety percent) of the share capital of Media Capital, through Vertix, SGPS, S.A., issued American Depository Shares in 2010, which are currently traded on the New York Stock Exchange. Trading of these securities on a U.S. regulated market entails the need for Prisa and its subsidiaries, including Media Capital and the corresponding subsidiaries, to comply with a series of U.S. laws and regulations.

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

Under the terms and for the purposes of Sections 301 and 806 of the Sarbanes-Oxley Act of 2002 (“SOX”), standard whistleblowing procedures were implemented across the Prisa Group, in order to ensure that any potential irregularities can be communicated directly and anonymously.

Media Capital also follows a Conduct Code since 2011, which establishes a series of regulations aimed at ensuring transparency and compliance with Good Corporate Governance Practice and the SOX – Sarbanes-Oxley Act of 2002, which must be observed by all Prisa Group companies, including the Media Capital Group.

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| I. VOTING AND COMPANY CONTROL | | | | |
| I.1. Companies should encourage their shareholders to participate and vote in General Meetings, namely by ensuring that the number of shares corresponding to one vote is not excessively high and by implementing the required means to allow mail and online voting. | | Complies | | Part I, Section B<br>I. General Meeting<br>b) Exercising of Voting Rights |
| I.2 Companies should not adopt mechanisms likely to hinder the reaching of decisions by their shareholders, | | Complies | | Part I, Section B |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| namely the setting of stricter quorum requirements than those defined by law. | | | | I. General Meeting<br>b) Exercising of Voting Rights |
| I.3. Companies should not implement mechanisms that will lead to imbalances between voting rights and the right to receive dividends or subscribe new securities, unless such mechanisms are deemed to serve the interests of shareholders in the long run. | | Complies | | Part I, Section B<br>I. General Meeting<br>b) Exercising of Voting Rights |
| I.4 When the articles of association of a company determine the imposition of limits concerning the number of votes held or exercised by a single shareholder, individually or in association with others, the same articles of association should stipulate that the maintenance or elimination of this statutory provision should be subject to vote by the General Meeting at least every five years – without stricter quorum requirements than those defined by law – and that all votes cast for this purpose must be counted, without considering any such limits. | | Complies | | Part I, Section B<br>I. General Meeting<br>b) Exercising of Voting Rights |
| I.5 No measures aimed at demanding payments or the assuming of any obligations by the Company in case of change of control or changes to the composition of the Board of Directors, which might have an impact on share transfers or the independent evaluation of the Board of Directors' performance by shareholders, should be adopted. | | Complies | | Part I, Section A<br>I. Capital Structure |
| II. MANAGEMENT AND SUPERVISION | | | | |
| II.1 Management and Supervision | | | | |
| II.1.1. Within the limits defined by law and unless this is not feasible due to company size, the Board of Directors should delegate daily company management on an appointed CEO, in which case delegated powers should be listed in the Corporate Governance Report. | | Complies | | Part I, Section B<br>II. a) Composition (page 7) |
| II.1.2. The Board of Directors should ensure that company business is undertaken according to its goals, namely by ensuring that the following powers are not delegated: (i) definition of company strategies and general policies; (ii) definition of the group's business structure; (iii) reaching strategic decisions for which the Board of Directors as a whole should be responsible, owing to the amounts, risks or special characteristics involved. | | Complies | | Part I, Section B<br>II. a) Composition (page 7) |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| II.1.3. In addition to company supervision, the General and Supervisory Board should assume full responsibility in all matters related to company management. Accordingly, it should be ensured, by means of statutory or equivalent provisions, that this Board participates in the definition of company strategies and general policies, definition of the group's business structure and reaching of decisions deemed strategic, owing to the amounts, risks or special characteristics involved. Additionally, this Board should also evaluate compliance with the company's strategic plan and main policies. | | Not applicable given the Corporate Governance model adopted by the Company. | | |
| II.1.4. Unless this is not feasible due to company size, the Board of Directors and the General and Supervisory Board, depending on the model adopted, should create all required committees to ensuring the following:<br>a) Ensuring that the performance of executive directors, as well as its own global performance and that of the various committees, are evaluated in a competent and independent manner;<br>b) Ensuring suitable reflection on the governance structure and practices adopted, by monitoring their effectiveness and proposing suitable improvement measures to the competent bodies. | | Complies Partly<br>a) the performance of non-executive Directors is evaluated by the Governing Body Appointment and Remuneration Committee, which is appointed by the General Meeting. | | Part I, Section B<br>II. c) Governing and Supervisory Committees (page 9) |
| II.1.5. The Board of Directors or the General and Supervisory Board, depending on the model adopted, should set goals concerning assumed risks and create risk control systems, in order to ensure that the risks to which the company is effectively exposed are in line with the goals defined. | | Complies | | Part I, Section C<br>III. Internal Control and Risk Management |
| II.1.6. The number of non-executive members of the Board of Directors should be sufficient to ensure the effective monitoring, supervision and evaluation of the activities undertaken by the remaining members. | | Complies | | Part I, Section B<br>II. b) Operation (page 8) |
| II.1.7. Independent directors should represent an adequate percentage of non-executive directors, considering the governance model adopted, company size, the shareholding structure and the corresponding free float.<br>The independence of General and Supervisory Board and Audit Committee members is ascertained based on the applicable legislation. Concerning the remaining members of the Board of Directors, a director qualifies as independent when not associated with any specific group within the company and when their exercise of | | Complies | | Part I, Section B<br>II. a) Composition (page 7) |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| independent judgment is not likely to be compromised by any particular circumstances, namely the following:<br>a. To have been a company employee, or an employee of a controlling or group company, within the last three years;<br>b. To have provided services or established a significant business relationship with the company, or with a controlling or group company, either directly or as a partner, director or manager;<br>c. To receive any remuneration from the company, or from any controlling or group company, other than the due remuneration for the corresponding functions as a director;<br>d. To be the spouse, common-law partner or a relative, down to the third degree and including collateral lines, of any director or any individual who directly or indirectly holds a qualifying share;<br>e. To hold or represent a holder of a qualifying share. | | | | |
| II.1.8. Executive directors shall be required to provide all information required by the remaining members of the governing bodies, in a timely manner. | | Complies | | Part I, Section B<br>II. b) Operation<br>(page 8) |
| II.1.9. The Chairman of the Executive Board or Executive Committee shall be required to send the notices and minutes of all meetings to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Committee, as applicable. | | Not applicable given the Corporate Governance model adopted by the Company. | | |
| II.1.10. Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall be required to appoint an independent director, selected amongst its members, to ensure coordination with non-executive directors and establish the required conditions for the latter to reach decisions in an independent and informed manner, or to implement an equivalent mechanism to ensure the aforementioned coordination. | | Not applicable<br>The Chairman of the Board of Directors does not carry out executive duties. | | Part I, Section B<br>II. a) Composition<br>(page 6) |
| **II.2 Supervision** | | | | |
| II.2.1. The Chairman of the Audit Board, Audit Committee or Financial Committee, depending on the model adopted, should be independent, according to the | | Complies | | Part I, Section B<br>III. c) Competences and Duties |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| applicable legislation, and possess the necessary skills to carry out the corresponding duties. | | | | |
| II.2.2. The Audit Committee shall be required to liaise with the external auditor and to be the primary recipient of all reports produced by the latter, in addition to being responsible for proposing the corresponding remuneration and ensuring that the necessary conditions for the provision of audit services are provided by the Company. | | Complies | | Part I, Section B<br>III. c) Competences and Duties |
| II.2.3. The Audit Committee shall be required to evaluate the external auditor on an annual basis and to propose their dismissal or termination of the corresponding service provision agreement to the competent body, whenever justified. | | Complies | | Part I, Section B<br>V. External Auditor |
| II.2.4. The Audit Committee shall be required to evaluate the effectiveness of internal control and risk management systems and suggest changes, if required. | | Complies | | Part I, Section B<br>III. c) Competences and Duties |
| II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Board shall be required to voice their opinion concerning audit plans and resources allocated to internal audit and compliance services, and shall be the recipients of reports produced by these services, at least when accounts, resolution of conflicts of interest or actions flagged as potentially illicit are involved. | | Complies | | Part I, Section B<br>III. c) Competences and Duties |
| II.3 Remuneration Policy | | | | |
| II.3.1. All members of the Remuneration Committee, or an equivalent body, should qualify as independent with regard to executive directors. Additionally, the Remuneration Committee must include at least one member with experience and knowledge of remuneration issues. | | Does not comply<br>The Remuneration Committee is mostly composed of non-independent members. The Company considers that this status does not affect their ability to exercise independent judgement. | | Part I, Section D<br>II. Governing Body Appointment and Remuneration Committee |
| II.3.2. No individual or company that provides or has provided services to the Board of Directors or any corporate body controlled by the latter within the last three years, or that currently has a relationship with the company or a company consultant, should be appointed to assist the Remuneration Committee in the carrying out of its duties. This recommendation also applies to any individual or company related to the aforementioned | | Complies | | Part I, Section D<br>II. Governing Body Appointment and Remuneration Committee |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| parties through an employment contract or service provision agreement. | | | | |
| II.3.3. The declaration on the remuneration policy applicable to the Board of Directors and Audit Committee to which article 2 of Law 28/2009, of 19 June, refers, should also include the following information:<br>a) Identification and explanation of the criteria used to determine the amounts paid to members of governing bodies;<br>b) Information on the maximum amounts payable to members of governing bodies, individually and globally, and identification of the circumstances under which such amounts might be paid;<br>d) Information concerning whether or not compensation payments upon resignation or dismissal are required. | | Complies Partly<br>Members of governing bodies receive fixed amounts as part of their remuneration. | | Part I, Section D<br>III. Remuneration Policy |
| II.3.4. Proposals concerning share allocation plans and/or stock options based on share price variation, aimed at members of governing bodies, must be submitted to the General Meeting. Proposals must include all required information for suitable evaluation. | | Not applicable<br>The Company has not implemented any share allocation plans. | | Part I, Section D<br>VI. Share Allocation Plans and/or Stock Options |
| II.3.5. Proposals concerning pension schemes applicable to members of governing bodies must be submitted to the General Meeting. Proposals must include all required information for suitable evaluation. | | Not applicable<br>The Company has not implemented any pension schemes. | | Part I, Section D<br>III. Remuneration Policy |
| III. REMUNERATION | | | | |
| III.1. The amounts paid to executive members of the Board of Directors should be based on effective performance; assuming of excessive levels of risk should be discouraged. | | Complies | | Part I, Section D<br>III. Remuneration Policy |
| III.2. The amounts paid to non-executive members of the Board of Directors and members of the Audit Committee should not include any component based on company performance or value. | | Complies | | Part I, Section D<br>III. Remuneration Policy |
| III.3. Variable remuneration should be reasonable with regard to fixed salaries and upper limits should be set for all amounts paid. | | Does not comply<br>The Company has not set upper limits for fixed remuneration. | | Part I, Section D<br>III. Remuneration Policy |
| III.4. Payment of a significant part of variable amounts should be deferred for at least three years and depend | | Does not comply<br>Variable amounts are paid in the year | | Part I, Section D<br>III. Remuneration Policy |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| on the good performance of the company over that period. | | following that to which they refer. | | |
| III.5. The members of the Board of Directors must not sign any agreements with the company or any third parties for the purpose of mitigating the risks associated with variable remuneration, as set by the company. | | Complies | | Part I, Section D<br>V. Compensation Agreements |
| III.6. Executive Directors shall be required to hold company shares received as a result of variable remuneration plans until the end of their term, up to a limit corresponding to twice their total annual remuneration, except when selling is required in order to pay tax on income from the shares in question. | | Not applicable<br>The Company has not implemented any share allocation plans. | | Part I, Section D<br>VI. Share Allocation Plans and/or Stock Options |
| III.7. When variable remuneration includes stock options, the exercise period should be deferred for at least three years. | | Not applicable<br>The Company has not implemented any share allocation plans. | | Part I, Section D<br>VI. Share Allocation Plans and/or Stock Options |
| III.8. The company should ensure the existence of suitable legal instruments so that no compensation amounts greater than those defined by law can be demanded whenever a Director is dismissed as a result or inadequate performance, even if no serious breach of duty or inability to carry out their duties is at stake. | | Complies | | Part I, Section D.<br>V. Compensation Agreements |
| IV. AUDIT | | | | |
| IV.1. The external auditor shall be required, within the scope of the corresponding competences, to monitor the remuneration policy and plans applicable to governing bodies, evaluate the effectiveness of internal control mechanisms and report any deficiencies to the Audit Committee. | | Complies Partly<br>Complies partly in what concerns evaluation of internal control mechanisms. | | Part I, Section B<br>V. External Auditor |
| IV.2. Audit services should be the only services provided to the company, or to any controlling company, by the external auditor or any other company in the same group or network. If a valid reason exists for contracting out any other services – which must be approved by the Audit Committee and described in the Annual Corporate Governance Report –, the value of the latter must not represent more than 30% of the total value of services provided to the Company. | | Complies | | Part I, Section B<br>V. External Auditor |
| IV.3. Companies should replace the external auditor after two to three terms, depending on whether each term corresponds to four or three years, respectively. Any decision to maintain the external auditor beyond this | | Complies | | Part I, Section B<br>V. External Auditor |

| Recommendation / Section | | Compliance | | Report Information |
|---|---|---|---|---|
| period must be based on a specific opinion issued by the Audit Committee, resulting from careful consideration of the advantages and costs of their replacement and analysis of their independence. | | | | |
| **V. TRANSACTIONS WITH STAKEHOLDERS** | | | | |
| V.1. Transactions with holders of qualifying shares or related entities, as defined in article 20 of the Portuguese Securities Code, must be performed under normal market conditions. | | Complies | | Part I, Section E<br>I. Control Mechanisms and Procedures |
| V.2. The Audit Committee shall be required to establish the required procedures and criteria to identify significant transactions with holders of qualifying shares – or related entities, as defined in point 1 of article 20 of the Portuguese Securities Code –, whose carrying out will depend on their prior approval. | | Complies partly<br>The required procedures and criteria to approve transactions with relevant shareholders are defined in accordance with the Regulations issued by the Board of Directors. Such transactions are subject to prior approval by the Board of Directors. Approval shall be based on the opinion of the Corporate Governance and Managing Staff Remuneration Committee, which shall be responsible for evaluating the transaction in question, considering current market conditions. | | Part I, Section E<br>I. Control Mechanisms and Procedures |
| **VI. INFORMATION** | | | | |
| VI.1. Companies shall be required to provide information on their business and current economic, financial and governance situation, in Portuguese and English, on their websites. | | Complies | | Part I, Section C<br>V. Website |
| VI.2. Companies should strive to maintain permanent contact with the market through an Investor Relations Department able to respond to requests from investors in a timely manner. A record of requests and their processing should be kept. | | Complies | | Part I, Section C<br>IV. Investor Relations |

# ANNEX

### Miguel Maria De Sá Pais Do Amaral

President of the Board of Directors of Media Capital Group.

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

He is also part of the following companies:

| **Not part of Grupo Media Capital** | |
|---|---|
| HENERGY - ENERGIAS RENOVÁVEIS, LDA. | MANAGER |
| NGOLA VENTURES, LDA. | MANAGER |
| ALFACOMPETIÇÃO - AUTOMÓVEIS E CAVALOS DE COMPETIÇÃO, SA | DIRECTOR |
| ASK4GREEN, LDA. | MANAGER |
| BIOBRAX - ENERGIAS RENOVÁVEIS PORTUGAL, LDA. | CHAIRMAN |
| COMPANHIA DAS QUINTAS SGPS, SA | CHAIRMAN |
| COURICAL HOLDINGS SGPS, S.A. | DIRECTOR |
| DIANA – SOC.PROMOÇÃO E INVEST.IMOBILIARIOS, S.A | DIRECTOR |
| DREAMS CORNER, LDA. | MANAGER |
| EDGE CAPITAL SGPS, S.A. | CHAIRMAN |
| EDGE INTERNATIONAL HOLDINGS – SGPS, SA | CHAIRMAN |
| EDGE PROPERTIES SGPS, SA | CHAIRMAN |
| EDGEBERGGRUEN, SGPS, S.A. | CHAIRMAN |
| GLOBAL PUBLISHING GROUP BV | MANAGER |
| GREYPART SGPS, SA | DIRECTOR |
| GRYPHON HOLDINGS PLC | MANAGER |
| LANIFOS - SOCIEDADE DE FINANCIAMENTOS, LDA. | MANAGER |
| LEYA GLOBAL S.A. | CHAIRMAN |
| PARTBLEU SGPS, SA | DIRECTOR |
| PHILLIPS PARK LLC | MANAGER |
| PHILLIPS PARK INVESTMENT CORPORATION | MANAGER |
| PLURIMEDIA SA | MANAGER |
| POLISTOCK - SOCIEDADE AGRO-PECUÁRIA SA | CHAIRMAN |
| QUIFEL HOLDINGS SGPS SA | DIRECTOR |

| | |
|---|---|
| QUIFEL INSURANCE SGPS SA | DIRECTOR |
| QUIFEL INTERNATIONAL GROUP LTD | MANAGER |
| QUIFEL INTERNATIONAL HOLDINGS SGPS SA | CHAIRMAN |
| QUIFEL NATURAL RESOURCES SA | CHAIRMAN |
| QUIFEL NATURAL RESOURCES SGPS SA | DIRECTOR |
| COURICAL HOLDING SGPS, SA | DIRECTOR |
| QUINTA DA FRONTEIRA SA | DIRECTOR |
| PARTGRIS SGPS, S.A. | DIRECTOR |
| 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. | DIRECTOR |
| QUIFEL MICROGERAÇÃO ESPANHA, LDA | MANAGER |
| REDITUS SGPS SA | CHAIRMAN |
| SPORTS PARTNERS BV | MANAGER |

On 31 December 2013, she held no shares or voting rights in Grupo Media Capital SGPS, SA.

### Rosa Maria Cullell Muniesa

CEO of Grupo Media Capital

With a degree in Information Sciences by Universidade 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 |
| 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 |
| Radio Litoral Centro – Empresa de Radiodifusão, Lda | Manager |
| Radio Nacional – Emissões de Radiodifusão Unipessoal, Lda | Manager |
| Flor do Eter – Radiodifusºao, Lda | Manager |
| Drums – Comunicações Sonoras, Unipessoal, Lda | Manager |
| Radio Voz de Alcanena (RVA), 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 |
| 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 2013, she held no shares or voting rights in Grupo Media Capital SGPS, SA.

### Jaime Roque de Pinho D'Almeida

Member of the Board of Directors of Media Capital Group.
He has a Law Degree from the Faculdade de Direito de Lisboa Lisbon Classic University, completed in 1965. Mr. D'Almeida has been employed in several senior managerial in the finance sector (commercial banks, investment banking and insurance), in Portugal, London, New York and Zurich, and was a member of the Board of Directors of Banco Borges & Irmão from 1965 to 1969, Banco Totta & Açores from 1969 to 1976 and Bankinstitut Zurich from 1978 to 1983. He was the founding member of M.D.M. - Sociedade de Investimentos S.A. (which later became the Deutsche Bank in Lisbon), where he was CEO and Chairman until January 1989. Joined the American International Group in 1989, where he was responsible for the creation and management of a Group of Companies (Fiseco) managing financial assets and was board a Board member of the Excel Partners Investment Fund in Spain until 1993. Then, he joined the management team of Grupo José de Mello. In 1996, he was appointed Vice-Chairman and CEO of Companhia de Seguros Império S.A. and in 2000, after the acquisition of Companhia de Seguros Império S.A. by Grupo BCP, he became a member of the Board of Directors of Seguros e Pensões Gere SGPS, S.A. and a member of the Board of Directors of other Grupo BCP subsidiaries in the insurance sector. Chairman of the Associação Portuguesa de Seguradores for the term 2005/2008. He was appointed as member of the Media Capital Board of Directors on 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 2013, 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 which 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 DIVISION INTERNACIONAL, SL | DIRECTOR |

| | |
|---|---|
| PRISA FINANCE NETHERLANDS, B.V. | DIRECTOR (representing Prisa Division Inmobiliaria, S.L.) |

On 31 December 2013, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

### Juan Herrero Abelló*

(*) Mr Abelló presented his resignation in 2014.

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 resigned in 2014.

He is also part of the following companies:

| **Grupo Media Capital** | |
|---|---|
| PUBLIPARTNER – PROJECTOS DE MEDIA E PUBLICIDADE, LDª | MANAGER |
| MEDIA CAPITAL ENTERTAINMENT - PRODUÇÃO DE EVENTOS, LDA. | MANAGER |
| TVI - TELEVISÃO INDEPENDENTE, SA. | DIRECTOR |
| CLMC – MULTIMÉDIA, S.A. | 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 2013, 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 |
| RADIO SABUGAL – RADIODIFUSÃO E PUBLICIDADE, LDA | MANAGER |
| PRC – PRODUÇÕES RADIOFONICAS DE COIMBRA, LDA | MANAGER |
| POLIMEDIA – PUBLICIDADES E PUBLICAÇÕES, LDA | MANAGER |
| R2000 – COMUNICAÇ~CAO SOCIAL, LDA | MANAGER |
| LEIRIMEDIA – PRODUÇÕES E PUBLICIDADE, LDA | MANAGER |
| **Not part of Grupo Media Capital** | |
| VERTIX, SGPS, SA. | DIRECTOR |

On 31 December 2013, 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 |
| 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 |
| DTS DISTRIBUIDORA DE TELEVISIÓN DIGITAL, S.A.U | CHAIRMAN |
| 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 2013, 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:

| | |
|---|---|
| **Grupo Media Capital** | |
| MEGLO MEDIA GLOBAL SGPS, SA | Manager |
| MCP – MEDIA CAPITAL PRODUÇÕES, SA | Manager |
| MEDIA CAPITAL PRODUÇÕES – INVESTIMENTOS, SGPS, SA | Manager |
| **Not part of Grupo Media Capital** | |
| 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 2013, 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 2013, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

**Bo Einar Lohmann Nilsson ***

(*) Mr Nilsson resigned during 2013.

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.

Up to the date of his renounce, he was 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 |

# Consolidated Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| ASSETS | Notes | 2013 | 2012 |
|---|---|---|---|
| NON-CURRENT ASSETS: | | | |
| Goodwill | 15 | 153.567.601 | 153.567.601 |
| Intangible assets | 16 | 15.971.727 | 18.485.984 |
| Tangible fixed assets | 17 | 17.356.933 | 21.615.813 |
| Investments in associates | 18 | 1.611.652 | 1.591.627 |
| Available-for-sale assets | 39 | 7.632 | 7.632 |
| Transmission rights and television programs | 19 | 46.469.349 | 50.406.949 |
| Other non-current assets | 20 | 3.960.916 | 4.757.728 |
| Deferred tax assets | 13 | 4.278.944 | 4.669.496 |
| | | 243.224.754 | 255.102.830 |
| CURRENT ASSETS: | | | |
| Transmission rights and television programs | 19 | 33.090.890 | 29.500.387 |
| Inventories | 21 | 101.619 | 186.697 |
| Trade and other receivables | 22 | 42.086.494 | 40.907.939 |
| Current tax assets | 13 | 127.479 | 140.625 |
| Other current assets | 23 | 10.747.675 | 14.652.881 |
| Cash and cash equivalents | 24 | 5.236.666 | 10.790.484 |
| | | 91.390.823 | 96.179.013 |
| TOTAL ASSETS | | 334.615.577 | 351.281.843 |
| **EQUITY AND LIABILITIES** | | | |
| EQUITY: | | | |
| Share capital | 25 | 89.583.971 | 89.583.971 |
| Reserves | 25 | 25.261.179 | 24.568.547 |
| Consolidated net profit for the year | | 13.683.455 | 11.939.063 |
| Equity attributable to parent company holders | | 128.528.605 | 126.091.581 |
| TOTAL EQUITY | | 128.528.605 | 126.091.581 |
| LIABILITIES: | | | |
| NON-CURRENT LIABILITIES: | | | |
| Borrowings | 27 | 77.565.851 | 86.318.567 |
| Provisions | 28 | 6.602.425 | 7.726.953 |
| Deferred tax liabilities | 13 | 1.478.447 | 1.598.338 |
| | | 85.646.723 | 95.643.858 |
| CURRENT LIABILITIES: | | | |
| Borrowings | 27 | 33.241.328 | 27.056.172 |
| Trade and other payables | 29 | 45.442.493 | 53.070.704 |
| Current tax liabilities | 13 | 1.158.857 | 6.373.186 |
| Other current liabilities | 30 | 40.597.571 | 43.046.342 |
| | | 120.440.249 | 129.546.404 |
| TOTAL LIABILITIES | | 206.086.972 | 225.190.262 |
| TOTAL EQUITY AND LIABILITIES | | 334.615.577 | 351.281.843 |

The accompanying notes form an integral part of the consolidated statement of financial position as of 31 December 2013.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| | Notes | 2013 | 2012 |
|---|---|---|---|
| OPERATING REVENUE: | | | |
| Services rendered | 7 and 8 | 119.984.596 | 133.189.774 |
| Sales | 7 and 8 | 1.887.856 | 2.294.127 |
| Other operating revenue | 7 and 8 | 59.843.609 | 48.834.669 |
| Total operating revenue | | 181.716.061 | 184.318.570 |
| OPERATING COSTS: | | | |
| Cost of programs issued and goods sold | 9 | (25.741.803) | (22.373.582) |
| Supplies and services | 10 | (66.781.369) | (68.224.052) |
| Personnel costs | 11 | (50.498.301) | (52.821.328) |
| Amortization and depreciation | 17 | (9.396.349) | (11.496.296) |
| Provisions and impairment losses | 28 | 727.666 | 800.085 |
| Other operating expenses | 7 | (623.505) | (511.154) |
| Total operating costs | | (152.313.661) | (154.626.327) |
| Operating profit | | 29.402.400 | 29.692.243 |
| NET FINANCIAL EXPENSES | | | |
| Financial expense | 12 | (9.517.541) | (9.833.636) |
| Financial income | 12 | 574.258 | 207.951 |
| Finance costs/income, net | | (8.943.283) | (9.625.685) |
| (Loss)/gains on associated companies, net | 18 | 125.164 | (59.611) |
| | | (8.818.119) | (9.685.296) |
| Profit before tax | | 20.584.281 | 20.006.947 |
| Income tax expense | 13 | (6.900.826) | (8.067.884) |
| Consolidated net profit for the year on continuing operations | | 13.683.455 | 11.939.063 |
| Attributable to: | | | |
| Equity holders of the parent company | 14 | 13.683.455 | 11.939.063 |
| Earnings per share on continuing operations: | | | |
| Basic | 14 | 0,1619 | 0,1413 |
| Diluted | 14 | 0,1619 | 0,1413 |

The accompanying notes form an integral part of the consolidated statement of profit and loss for the year ended 31 December 2013.

THE ACCOUNTANT　　　　THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| | 2013 | 2012 |
|---|---|---|
| Consolidated net profit for the year | 13.683.455 | 11.939.063 |
| Items that can subsequently be reclassified to the statement of profit and loss: | | |
| Effect of translation of operations realized abroad | 78.335 | 35.155 |
| Total consolidated profit | 13.761.790 | 11.974.218 |
| Attributable to: | | |
| Equity holders of the parent company | 13.761.790 | 11.974.218 |

The accompanying notes form an integral part of the consolidated statement of recognised income for the year ended 31 December 2013.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| | Notes | 2013 | 2012 |
|---|---|---|---|
| OPERATING ACTIVITIES: | | | |
| Cash receipts from customers | | 235.178.633 | 215.547.658 |
| Cash paid to suppliers | | (110.885.433) | (111.701.589) |
| Cash paid to employees | | (49.942.055) | (54.669.238) |
| Net cash from operating activities | | 74.351.145 | 49.176.831 |
| (Payments) / receipts of income tax | 13 | (12.087.113) | 1.188.045 |
| Other cash paid relating to operating activities | | (42.278.628) | (34.999.130) |
| Net cash from operating activities (1) | | 19.985.404 | 15.365.746 |
| INVESTING ACTIVITIES: | | | |
| Cash received relating to: | | | |
| The sale of subsidiaries | 6 | - | 1.512.170 |
| Sale of tangible and intangible assets | | 1.746.730 | 86.283 |
| Dividends | 6 | 111.470 | 301.872 |
| Interest and similar income | | 656.442 | 225.649 |
| Repayment of loans granted | 32 | 7.986.541 | 15.143.573 |
| | | 10.501.183 | 17.269.547 |
| Cash paid relating to: | | | |
| Business concentrations | 6 | (1.583.855) | (10.331.500) |
| Acquisition of tangible fixed assets | | (2.837.145) | (2.666.512) |
| Acquisition of intangible assets | | - | (10.921) |
| Loans granted | 32 | (3.116.831) | (2.356.145) |
| | | (7.537.831) | (15.365.078) |
| Net cash from investing activities (2) | | 2.963.352 | 1.904.469 |
| FINANCING ACTIVITIES: | | | |
| Cash received relating to: | | | |
| Borrowings | | 103.291.311 | 177.943.839 |
| Cash paid relating to: | | | |
| Borrowings | | (110.487.066) | (179.194.813) |
| Payment of principal on finance lease contracts | | (1.299.253) | (1.763.334) |
| Interest and other similar expenses | | (6.616.638) | (6.353.592) |
| Dividends | 25 | (11.324.766) | (5.814.507) |
| Other financial expenses | | (2.041.104) | (3.105.675) |
| | | (131.768.827) | (196.231.921) |
| Net cash (used in) financing activities (3) | | (28.477.516) | (18.288.082) |
| Cash and cash equivalents at the begining of the year | 24 | 10.790.484 | 11.812.544 |
| Net decrease in cash and cash equivalents (4) = (1) + (2) + (3) | | (5.528.760) | (1.017.867) |
| Effect of exchange differences | | (25.058) | (4.193) |
| Cash and cash equivalents at the end of the year | 24 | 5.236.666 | 10.790.484 |

The accompanying notes form an integral part of the cash flow statement
for the year ended 31 December 2013.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| | Equity attributable to the equity holders of the parent company | | | | Equity attributable to non-controlling interest | |
|---|---|---|---|---|---|---|
| | Capital (Note 25) | Reserves (Note 25) | Consolidated net profit for the year | Total | (Note 26) | Total equity |
| 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) | - | - | - |
| Distribuição de dividendos (Notas 25) | - | (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 (Note 26) | - | - | - | - | (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 |
| Appropriation of net profit for the year | - | 11.939.063 | (11.939.063) | - | - | - |
| Distribuição de dividendos (Notas 25) | - | (11.324.766) | - | (11.324.766) | - | (11.324.766) |
| Exchange translation difference | - | 78.335 | - | 78.335 | - | 78.335 |
| Consolidated net profit for the year | - | - | 13.683.455 | 13.683.455 | - | 13.683.455 |
| Balance at 31 December 2013 | 89.583.971 | 25.261.179 | 13.683.455 | 128.528.605 | - | 128.528.605 |

The accompanying notes form an integral part of the consolidated statement of changes in equity for the year ended 31 December 2013.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

## INTRODUCTORY NOTE

Grupo Media Capital, SGPS, S.A. ("Media Capital" or "the Company") is a corporation, 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 "Grupo Media Capital"), 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 25 November 2010 in the New York Stock Exchange.

These financial statements were approved by the Board of Directors on 19 February 2014.

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

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

Under its television operating licence, TVI – Televisão Independente, S.A. ("TVI") broadcasts television programs through a generalist broadcasting channel. In addition, TVI broadcasts on channel TVI 24, a cable information channel, TVI Ficção, a channel dedicated to Portuguese fiction contents TVI Internacional, and 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, production support services and the realization and exploitation of television contents, cinema and audiovisual works, as well as other related services.

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

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

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

Media Capital Digital, S.A. ("Digital") 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") as endorsed by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

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

### 2.2 Consolidation principles

The consolidation methods used by the Group were as follows:

a) Controlled companies

Investments in controlled companies, defined as companies in which the Group directly or indirectly holds more than 50% of the voting rights at Shareholders' General Meetings, or has the power to control their financial and operating policies (control definition adopted by the Group), were fully consolidated. Equity and net profit or loss of these companies corresponding to third party participation in them, if applicable, are reflected separately in the consolidated statements of financial position and consolidated statements of profit and loss in the caption "Non-controlling interest". The companies included in the consolidation are listed in Note 4.

Assets, liabilities and contingent liabilities of controlled companies acquired as from 1 January 2004 are recorded at fair value as of the acquisition date. Any excess of cost over the fair value of the net assets acquired is recognised as goodwill (Note 2.3.). If the difference between cost and the fair value of the net assets acquired is negative, it is recognised 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 as from the date of their acquisition, or up to the date of loss of control.

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

b) Associated companies

Investments in associated companies (those in which the Group has significant influence but does not have direct or joint control – generally investments representing participations of between 20% and 50%) 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 any impairment losses.

Losses in associated companies exceeding the investment in them are not recognised, 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 after 1 January 2004 has been maintained rather than being recalculated in accordance with IFRS 3 and is subject to annual impairment tests as from that date.

In compliance with IFRS 3, goodwill is not amortised, but is subject to annual impairment tests. Impairment losses are recorded in the statement of profit and loss 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 operating segment are carried out annually or whenever the need is identified. If the recoverable amount of the operating segment is less than its book value, the impairment loss is allocated first to goodwill and then to the book value of the assets of the segment in proportion to their value.

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

2.4 Intangible assets

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

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

| | 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 amortised 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 recognised.

## 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 expensed in the period they occur.

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

Tangible assets in progress are recorded at cost and start being depreciated when the assets are ready for their intended use. Gains or losses arising on the sale of tangible assets, which are determined by the difference between the sales proceeds and the book value of the assets, are recognised 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 recognised 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 recognised as a decrease in the liability and the interest is recognised 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 recognised in the statement of profit or loss at the time the programs are exhibited, considering the estimated number of exhibitions and estimated benefits of each exhibition.

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

Transmission rights acquired from third parties are recorded 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 33.

2.8 Inventories

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

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 recognised at amortized cost, using the effective interest rate, less possible impairment losses. Impairment losses are recognised 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 recognised 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 recognised at fair value, net of transaction costs incurred. In subsequent periods borrowings are recognised at amortised cost, any difference between the amounts received (net of transaction costs) and the amounts payable being recognised 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 has the policy of using derivative financial instruments, when their cost is considered as advantageous by the Board of Directors, 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 hedge 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 speculation purposes.

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

At 31 December 2013 there were no derivative financial instruments contracted and so 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 recognised 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 recognised when the advertising is issued. Quantity discounts allowed and bonuses granted are recorded as reductions in revenue for 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 recognised when the services are rendered.

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

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

2.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised 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.

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 recognised when there is 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 recognised 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 recognised 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 assets that qualify and 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 2013, there were no changes in accounting policies in relation to those used to prepare the financial information for 2012, 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 2013:

| Standard / Interpretation | Applicable to years starting on or after | |
|---|---|---|
| Amendment to IFRS 1 – First time adoption of International Financial Reporting Standards (Loans from the Government) | 1-Jan-13 | This amendment exempts entities that adopt IFRS for the first time from the retrospective application of the IAS 39 requirements and paragraph 10A of IAS 20 relating to loans from the government. |
| Amendment to IFRS 7 – Financial instruments: disclosures (Compensation between financial assets and financial liabilities) | 1-Jan-13 | This amendment requires additional disclosures relating to financial instruments, especially relating to compensation between financial assets and liabilities. |
| Amendment to IAS 1 – Presentation of Financial Statements(Other comprehensive income) | 1-Jul-12 | This amendment consists of the following changes: (i) the items included in Other Comprehensive Income that will in the future be recognized in the statement of profit and loss must be presented separately; and (ii) the Statement of Comprehensive income will also be called the Statement of Profit and Loss and Other Comprehensive Income. |
| Revision of IAS 19 – Employee benefits | 1-Jan-13 | This amendment introduced the following changes: (i) actuarial gains and losses resulting from differences |

| | | |
|---|---|---|
| | | between the assumptions used in the determination of the liability and the expected income of the assets, and the amounts effectively realized, as well as those resulting from changes in the actuarial and financial assumptions occurred during the year are recognized by corresponding entry to reserves (other comprehensive income); (ii) a single interest rate becomes applicable to calculate the present value of the liability and the expected return on the plan's assets; (iii) costs recognized in profit and loss correspond only to current service cost and net interest cost ; and (iv) the introduction of new requirements in terms of disclosure. |
| IFRS 13 – Measurement of Fair Value (new standard) | 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. |
| IFRIC 20 – Recording of certain costs in the production phase of open cast mines | 1-Jan-13 | This interpretation clarifies the recording of certain costs in the production phase of an open cast mine. |
| Improvements to international financial reporting standards (2009-2011 cycle) | 1-Jan-13 | These improvements involve the revision of several standards, namely IFRS 1 (repeated application of the standard), IAS 1 (comparative information), IAS 16 (service equipment), IAS 32 (tax effect of the distribution of equity instruments) and IAS 34 (segment information). |

The effect of adopting these standards on the Group's consolidated financial statements for the year ended 31 December 2013 was not significant.

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

The more significant accounting estimates reflected in the consolidated financial statements as of 31 December 2013 include:

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

These estimates were made based in the best information available at the time the consolidated financial statements were prepared. However, events can occur in subsequent periods which, due to their unpredictability, were not considered in 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 / Interpretation | 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. |
| 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. |
| Amendment to standards:<br>IFRS 10 – Consolidated Financial Statements<br>IFRS 12 – Disclosures relating to participations in other entities<br>(Investment Entities) | 1-Jan-14 | This amendment introduced an exemption from the consolidation of certain entities that qualify for the definition of investment entities. It also establishes the rules for measuring investments held by these investment entities. |
| Amendment to IAS 32 – Compensation between financial assets and liabilities | 1-Jan-14 | This amendment clarifies certain aspects of the standard relating to the application of the compensating requirements between financial assets and liabilities. |

| | | |
|---|---|---|
| Amendment to IAS 36 – Impairment (Disclosures relating to the recoverable amount of non-financial assets) | 1-Jan-14 | This amendment eliminates the disclosure requirements of the recoverable amount of a cash generating unit with goodwill or intangibles of undefined useful life allocated to periods in which no impairment loss or impairment recovery is recognized. It introduces additional disclosure requirements for assets for which an impairment loss or reversal of impairment is recognized and their recoverable amount has been determined based on fair value less costs to sell. |
| Amendment to IAS 39 – Financial Instruments: Recognition and measurement (Reformulation of derivatives and continuation of hedge accounting) | 1-Jan-14 | This amendment permits the continued use of hedge accounting in certain circumstances when a derivative designated as a hedging instrument is reformulated. |

The Company did not apply any of these standards early in its consolidated financial statements for the year ended 31 December 2013. However, 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 / Interpretation | |
|---|---|
| IFRS 9 – Financial Instruments (2009) and subsequent amendments | This standard is part of the revision of IAS 39 and establishes the requirements for the classification and measurement of financial assets. |
| Amendments to standards:<br>IFRS 9 – Financial Instruments (2013);<br>IFRS 7 – Financial Instruments Disclosures | The amendment to IAS 9 is part of the revision of IAS 39 and establishes the requirements for application of the hedge accounting rules. IFRS 7 was also revised as a result of this amendment. |
| Amendment to IAS 19 – Employee benefits | This amendment establishes the circumstances in which employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits. |
| Improvements to international financial statement standards (2010-2012 cycle) | These improvements involve the revision of several standards. |

| | |
|---|---|
| Improvements to international financial statement standards (2011-2013 cycle) | These improvements involve the revision of several standards. |
| IFRIC 21 – Payments to the State | This amendment establishes the conditions as to timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange. |

These standards have not yet been endorsed by the European Union and so have not been applied by the Group in the year ended 31 December 2013.

## 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 2013 and 2012 are as follows:

| Company | Head office | Consolidation method | Percentage participation effectively held 2013 | 2012 |
|---|---|---|---|---|
| Grupo Media Capital, SGPS, S.A. | Barcarena | Global | Parent | Parent |
| MEGLO - Media Global, SGPS, S.A. ("MEGLO") | Barcarena | Global | 100 | 100 |
| MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS") | Barcarena | Global | 100 | 100 |
| Publipartner - Projectos de Media e Publicidade, Unipessoal, Lda. ("Publipartner") | Barcarena | Global | 100 | 100 |
| CLMC – Multimedia, S.A. ("CLMC") | Barcarena | Global | 100 | 100 |
| MCR II - Media Capital Rádios, S.A. ("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 |
| R2000 Comunicação Social, Lda. ("R2000") (a) | Santarém | Global | 100 | - |
| RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. ("REGIONAL") | Lisbon | Global | 100 | 100 |
| Rádio Litoral Centro - Empresa de Radiodifusão, Lda. ("Rádio Litoral Centro") | Lisbon | Global | 100 | 100 |
| Leirimédia Produções e Publicidade, Lda. ("Leirimédia") (a) | Leiria | Global | 100 | - |
| Rádio Sabugal - Radiodifusão e Publicidade, Lda. ("Rádio Sabugal") (a) | Sabugal | Global | 100 | - |
| Penalva do Castelo FM - Radiodifusão e Publicidade, Lda. ("Penalva do Castelo") (a) | Penalva do Castelo | Global | 100 | - |
| Rádio Manteigas - Radiodifusão e Publicidade, Lda. ("Rádio Manteigas") (a) | Manteigas | Global | 100 | - |
| P.R.C. - Produções Radiofónicas de Coimbra, Lda. ("P.R.C.") (a) | Coimbra | Global | 100 | - |
| Polimedia - Publicidade e Publicações, Lda. ("Polimedia") (a) | Vila Real | Global | 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 |
| Rádio do Concelho de Cantanhede, Lda. ("Rádio Concelho de Cantanhede") (a) | Coimbra | Global | 75 | - |
| 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 |
| MEDIA CAPITAL DIGITAL, S.A. ("DIGITAL") (b) | Barcarena | Global | 100 | 100 |
| IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios") | Barcarena | Global | 100 | 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 Audiovisuales, S.L. ("TESELA") | Madrid (Spain) | Global | 100 | 100 |

(a) The Group acquired this company in 2013, having assumed control on 1 July 2013.

(b)Up to 1 November 2013 this company was called Media Capital – Editora Multimédia, S.A..

## 5. ASSOCIATED COMPANIES

The associated companies, their head offices and proportion of capital effectively held in them at 31 December 2013 and 2012 were as follows:

| Company | Head office | Percentage participation effectively held 2013 | 2012 |
|---|---|---|---|
| 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 |
| Plural - Jempsa, S.L. ("Jempsa") | Madrid (Spain) | 19 | 19 |
| Factoría Plural, S.L. ("Factoría") | Zaragoza (Spain) | 15 | 15 |
| Chip Audiovisual , S.A. ("CHIP") | Zaragoza (Spain) | 7.5 | 7.5 |

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

## 6. CHANGES IN THE CONSOLIDATION PERIMETER

The changes in the Group's consolidation perimeter in 2013 were as follows:

Business concentrations

| Company | Main activity | Date of acquisition of control | Percentage acquired | Cost of acquisition |
|---|---|---|---|---|
| Leirimédia | Radio broadcasting operations | 01-07-2013 | 100% | 420,000 |
| R2000 | Radio broadcasting operations | 01-07-2013 | 100% | 60,000 |
| Rádio Sabugal | Radio broadcasting operations | 01-07-2013 | 100% | 90,000 |
| Penalva do Castelo | Radio broadcasting operations | 01-07-2013 | 100% | 75,000 |
| Rádio Manteigas | Radio broadcasting operations | 01-07-2013 | 100% | 90,000 |
| P.R.C. | Radio broadcasting operations | 01-07-2013 | 100% | 650,000 |
| Rádio Concelho de Cantanhede | Radio broadcasting operations | 01-07-2013 | 75% | 100,000 |
| Polimedia | Radio broadcasting operations | 01-07-2013 | 100% | 185,000 |
| | | | | 1,670,000 |

Acquisition of the capital of the above entities is part of the Group's strategy relating to the development of the radio broadcasting business.

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 (Note 16).

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

Intangible assets:

| | Leirimédia | R2000 | Rádio Sabugal | Penalva do Castelo | Rádio Manteigas | P.R.C. | Rádio Concelho de Cantanhede | Polimedia | Total |
|---|---|---|---|---|---|---|---|---|---|
| Assets and liabilities acquired | (97,551) | (26,137) | (87,083) | (163,025) | (110,085) | (125,316) | (47,394) | (122,235) | (778,826) |
| Intangible assets (Note 16) | 517,551 | 86,137 | 177,083 | 238,025 | 200,085 | 775,316 | 147,394 | 307,235 | 2,448,826 |
| Fair value paid for the acquisition | 420,000 | 60,000 | 90,000 | 75,000 | 90,000 | 650,000 | 100,000 | 185,000 | 1,670,000 |

The assets and liabilities acquired were as follows:

| | Leirimédia | R2000 | Rádio Sabugal | Penalva do Castelo | Rádio Manteigas | P.R.C. | Rádio Concelho de Cantanhede | Polimedia | Total |
|---|---|---|---|---|---|---|---|---|---|
| NON-CURRENT ASSETS: | | | | | | | | | |
| Tangible fixed assets (Note 17) | 74,647 | - | - | 68,501 | 7,213 | 7,550 | 4,608 | 22,977 | 185,496 |
| CURRENT ASSETS: | | | | | | | | | |
| Trade and other receivables | 39,900 | 3,690 | 1,230 | 1,230 | 1,230 | 5,728 | 5,535 | 19,680 | 78,223 |
| Other current assets | 425,798 | 4,919 | 89,469 | 88,027 | 99,212 | 7,038 | 6,880 | 65,500 | 786,843 |
| Cash and cash equivalents | 16,622 | 7,362 | 3,400 | 2,284 | 1,130 | 4,813 | 5,272 | 6,262 | 47,145 |
| | 482,320 | 15,971 | 94,099 | 91,541 | 101,572 | 17,579 | 17,687 | 91,442 | 912,211 |
| CURRENT LIABILITIES: | | | | | | | | | |
| Trade and other payables | (96,171) | (8,726) | (6,046) | (5,146) | (8,734) | (5,524) | (7,745) | (3,083) | (141,175) |
| Other current liabilities | (558,347) | (33,382) | (175,136) | (317,921) | (210,136) | (144,921) | (61,944) | (233,571) | (1,735,358) |
| | (654,518) | (42,108) | (181,182) | (323,067) | (218,870) | (150,445) | (69,689) | (236,654) | (1,876,533) |
| ASSETS AND LIABILITIES ACQUIRED | (97,551) | (26,137) | (87,083) | (163,025) | (110,085) | (125,316) | (47,394) | (122,235) | (778,826) |

If these companies had been acquired on 1 January 2013 net consolidated profit and turnover would have been increased by 26,341 Euros and 160,257 Euros, respectively.

In the year ended 31 December 2012 the Group sold 36% of the participation in Factoría for 425,000 Euros and all the capital in RETI and receivables of Group companies from RETI totaling 1,978,033 Euros for 7,866,111 Euros. The assets and liabilities of its subsidiaries (CHIP) and RETI were as follows on the dates of the transactions:

| | Factoría | RETI | Total |
|---|---|---|---|
| Net assets: | | | |
| Goodwill (Note 15) | - | 3,795,719 | 3,795,719 |
| Intangible assets (Note 16) | 9,833 | - | 9,833 |
| Tangible fixed assets (Note 17) | 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 |
| Loans obtained | (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 |

Gain on the sale of the above entities is made up as follows:

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

As a result of the sale of part of the participation previously held in Factoria, the Group started applying the equity method to the 15% participation maintained due to the significant influence it maintained. This change resulted in an increase of 139,219 Euros in the caption "Investments in associates" (Note 18).

(a) Collection of the sales price was as follows:

| | Factoría | RETI | Total |
|---|---|---|---|
| Net selling price | 419,104 | 5,886,762 | 6,305,866 |
| Advances received | - | (4,500,000) | (4,500,000) |
| Offset of accounts in 2012 | - | (293,696) | (293,696) |
| | 419,104 | 1,093,066 | 1,512,170 |

In 2013 and 2012 the Group received dividends of 111,470 Euros and 301,872 Euros (Note 18), respectively, from the investment in Factoria.

Payments in 2013 and 2012 relating to business combinations were as follows:

| | 2013 | 2012 |
|---|---|---|
| P.R.C. | 650,000 | - |
| Leirimédia | 420,000 | - |
| Polimedia | 185,000 | - |
| Rádio Concelho de Cantanhede | 100,000 | - |
| Rádio Manteigas | 90,000 | - |
| Rádio Sabugal | 90,000 | - |
| Penalva do Castelo | 75,000 | - |
| Flor do Éter | 21,000 | 294,000 |
| PLURAL España | - | 9,250,000 |
| Rádio Nacional | - | 600,000 |
| IOL Negócios | - | 187,500 |
| | 1,631,000 | 10,331,500 |
| Assets acquired - cash | (47,145) | - |
| | 1,583,855 | 10,331,500 |

## 7. SEGMENT REPORTING

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

a) Television

The television segment involves fundamentally broadcasting by one generalist TV channel (TVI), one information cable television channel (TVI 24), a national fiction channel (TVI Ficção), an international channel (TVI Internacional) and an entertainment channel (+TVI).

b) Production

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

c) Radio

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

d) Others

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

As a result of the unfavourable market situation, the sale of CD’s component had a decreasing tendency, in line with that found in international markets. Consequently the Entertainment business segment lost significance in relation to the Group’s operations, ceasing to be presented separately for reporting purposes. Therefore the companies that are part of that segment started, as from the first quarter of 2013, being included in the reporting segment “Others”.

Contribution of the main business segments to the consolidated results for the years ended 31 December 2013 and 2012 was as follows:

| | 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Television | Production | Radio | Others | Total | Eliminations | Consolidated |
| Operating income: | | | | | | | |
| External services rendered | 86,102,661 | 13,345,424 | 14,020,265 | 6,516,246 | 119,984,596 | - | 119,984,596 |
| Internal services rendered | 271,478 | 28,341,782 | 45,567 | 11,299,689 | 39,958,516 | (39,958,516) | - |
| External sale of goods and products | - | - | - | 1,887,856 | 1,887,856 | - | 1,887,856 |
| Internal sale of goods and products | - | - | - | 680 | 680 | (680) | - |
| Other external operating revenue | 58,712,334 | 694,465 | 204,831 | 231,979 | 59,843,609 | - | 59,843,609 |
| Other internal operating revenue | 245,639 | 48,754 | 140,889 | 265,788 | 701,070 | (701,070) | - |
| Total operating revenue | 145,332,112 | 42,430,425 | 14,411,552 | 20,202,238 | 222,376,327 | (40,660,266) | 181,716,061 |
| Operating costs: | | | | | | | |
| Cost of programs broadcast and goods sold | (51,697,441) | (122,900) | - | (212,389) | (52,032,730) | 26,290,927 | (25,741,803) |
| Supplies and services | (36,947,324) | (26,539,047) | (6,515,916) | (10,916,718) | (80,919,005) | 14,137,636 | (66,781,369) |
| Employee expenses | (20,537,301) | (17,226,467) | (4,635,121) | (8,099,412) | (50,498,301) | - | (50,498,301) |
| Amortization and depreciation | (3,985,217) | (3,464,606) | (1,475,760) | (470,766) | (9,396,349) | - | (9,396,349) |
| Provisions and impairment losses | 284,917 | (151,600) | 40,986 | 553,363 | 727,666 | - | 727,666 |
| Other operating expenses | (125,045) | (273,074) | (108,781) | (116,605) | (623,505) | - | (623,505) |
| Total operating costs | (113,007,411) | (47,777,694) | (12,694,592) | (19,262,527) | (192,742,224) | 40,428,563 | (152,313,661) |
| Operating profit/(loss) | 32,324,701 | (5,347,269) | 1,716,960 | 939,711 | 29,634,103 | (231,703) | 29,402,400 |
| Finance costs, net | | | | | | | (8,818,119) |
| Profit before tax | | | | | | | 20,584,281 |
| Income tax expense | | | | | | | (6,900,826) |
| Net profit from continuing operations | | | | | | | 13,683,455 |

| | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Television | Production | Radio | Others | Total | Eliminations | Consolidated |
| Operating income: | | | | | | | |
| External services rendered | 94,257,659 | 17,849,117 | 14,005,418 | 7,077,580 | 133,189,774 | - | 133,189,774 |
| Internal services rendered | 247,154 | 33,456,696 | 48,172 | 10,746,203 | 44,498,225 | (44,498,225) | - |
| External sale of goods and products | - | - | - | 2,294,127 | 2,294,127 | - | 2,294,127 |
| Internal sale of goods and products | - | - | - | 240 | 240 | (240) | - |
| Other external operating revenue | 46,897,992 | 1,379,684 | 115,783 | 441,210 | 48,834,669 | - | 48,834,669 |
| Other internal operating revenue | 269,082 | 59,312 | 118,782 | 261,140 | 708,316 | (708,316) | - |
| Total operating revenue | 141,671,887 | 52,744,809 | 14,288,155 | 20,820,500 | 229,525,351 | (45,206,781) | 184,318,570 |
| Operating costs: | | | | | | | |
| Cost of programs broadcast and goods sold | (51,168,277) | (1,737,949) | - | (414,447) | (53,320,673) | 30,947,091 | (22,373,582) |
| Supplies and services | (34,593,374) | (27,986,611) | (6,943,463) | (12,094,582) | (81,618,030) | 13,393,978 | (68,224,052) |
| Employee expenses | (20,958,833) | (19,070,521) | (4,734,897) | (8,057,077) | (52,821,328) | - | (52,821,328) |
| Amortization and depreciation | (5,489,448) | (3,825,434) | (1,627,495) | (553,919) | (11,496,296) | - | (11,496,296) |
| Provisions and impairment losses | 510,180 | (61,851) | 477,624 | (125,868) | 800,085 | - | 800,085 |
| Other operating expenses | (355,680) | (168,591) | (38,369) | 51,486 | (511,154) | - | (511,154) |
| Total operating costs | (112,055,432) | (52,850,957) | (12,866,600) | (21,194,407) | (198,967,396) | 44,341,069 | (154,626,327) |
| | | | | | - | | |
| Operating profit/(loss) | 29,616,455 | (106,148) | 1,421,555 | (373,907) | 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 |

Additional significant segment reporting information is as follows:

| | 2013 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Television | Production | Radio | Others (a) | Total | Eliminations | Consolidated |
| Assets, net | 267,541,334 | 96,820,406 | 32,966,241 | 113,069,029 | 510,397,010 | (175,781,433) | 334,615,577 |
| Liabilities | 72,436,069 | 72,984,165 | 42,420,524 | 81,098,944 | 268,939,702 | (62,852,730) | 206,086,972 |
| Other information: | | | | | | | |
| Investment in tangible assets (Note 17) | 833,020 | 830,410 | 356,940 | 173,178 | 2,193,548 | - | 2,193,548 |
| Investment in intangible assets (Note 16) | 346,684 | 99,707 | - | 30,537 | 476,928 | - | 476,928 |
| Indemnities - included in "Personnel costs" (Note 11) | 716,513 | 1,158,074 | 37,370 | 10,534 | 1,922,491 | - | 1,922,491 |
| Increase in provisions (Note 28) | - | 61,332 | - | 264,895 | 326,227 | - | 326,227 |
| Reversal of provisions (Note 28) | (193,672) | - | (5,865) | (826,218) | (1,025,755) | - | (1,025,755) |
| Impairment losses (Note 28) | - | 174,340 | 50,611 | 391,914 | 616,865 | - | 616,865 |
| Reversal of impairment losses (Note 28) | (91,245) | (77,741) | (85,732) | (124,059) | (378,777) | - | (378,777) |

| | 2012 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Television | Production | Radio | Others (a) | Total | Eliminations | Consolidated |
| Assets, net | 275,821,352 | 106,182,577 | 34,416,993 | 119,758,372 | 536,179,294 | (184,897,451) | 351,281,843 |
| Liabilities | 81,565,999 | 75,985,769 | 43,493,102 | 101,516,933 | 302,561,803 | (77,371,541) | 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 | 58,045 | 224,535 | 889,300 | - | 889,300 |
| Increase in provisions (Note 28) | 732,154 | 210,406 | - | 3,836,101 | 4,778,661 | - | 4,778,661 |
| Reversal of provisions (Note 28) | (1,231,300) | - | (608,602) | (351,870) | (2,191,772) | - | (2,191,772) |
| Impairment losses (Note 28) | 23,791 | 454,887 | 263,673 | 763,835 | 1,506,186 | - | 1,506,186 |
| Reversal of impairment losses (Note 28) | (34,825) | (445,043) | (132,695) | (286,097) | (898,660) | - | (898,660) |

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

Information by geographic market for the years ended 31 December 2013 and 2012 is as follows:

| | 2013 | | |
|---|---|---|---|
| | Portugal | Other countries | Consolidated |
| Operating revenue | 172,011,744 | 9,704,317 | 181,716,061 |
| Operating costs | (141,308,391) | (11,005,270) | (152,313,661) |
| Net profit from continuing operations | 14,988,821 | (1,305,366) | 13,683,455 |
| Net assets | 315,213,413 | 19,402,164 | 334,615,577 |
| Liabilities | 203,137,283 | 2,949,689 | 206,086,972 |
| Investment in the year in tangible asssets (Note 17) | 2,191,356 | 2,192 | 2,193,548 |
| Investment in the year in intangible asssets (Note 16) | 446,546 | 30,382 | 476,928 |

| | 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 |

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

## 8. OPERATING REVENUE BY NATURE

Consolidated operating revenue for the years ended 31 December 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Services rendered: | | |
| Television advertising | 86,104,529 | 94,257,659 |
| Radio advertising | 13,433,150 | 13,441,211 |
| Advertising by other means | 3,149,551 | 3,166,960 |
| Audiovisual production and complementary services | 13,363,128 | 15,936,621 |
| Others | 3,934,238 | 6,387,323 |
| | 119,984,596 | 133,189,774 |
| Sales: | | |
| CD's | 1,869,446 | 2,051,042 |
| DVD's | 18,410 | 243,085 |
| | 1,887,856 | 2,294,127 |
| Other operating revenue: | | |
| Multimedia services (a) | 45,996,036 | 33,352,266 |
| Transmission, and exhibition rights and the sale of images | 12,528,614 | 9,518,954 |
| Gain on the sale of subsidiaries (Note 6) | - | 2,109,293 |
| Other supplementary revenue | 1,318,959 | 3,854,156 |
| | 59,843,609 | 48,834,669 |

(a) The caption “Multimedia services” corresponds essentially to income from interactive services and multimedia relating to competitions and programs included in the television programming grid broadcast by the Group.

## 9. COST OF PROGRAMS BROADCAST AND GOODS SOLD

This caption for the years ended 31 December 203 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Programs broadcast | 25,529,414 | 20,173,216 |
| Goods sold | 212,389 | 2,140,912 |
| Materials consumed | - | 59,454 |
| | 25,741,803 | 22,373,582 |

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 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Specialized services | 23,514,054 | 24,165,996 |
| Fees | 6,810,247 | 8,534,232 |
| Publicity | 8,968,057 | 6,581,677 |
| Communication | 5,278,431 | 5,371,878 |
| Rent and lease | 5,320,559 | 4,201,844 |
| Royalties and rights | 3,851,986 | 3,836,668 |
| Travel and lodging | 2,344,467 | 3,578,224 |
| Energy and fluids | 2,831,144 | 3,001,421 |
| Materials | 2,585,550 | 2,348,553 |
| Maintenance and repairs | 2,116,973 | 2,086,578 |
| Sub contracts | 1,425,401 | 2,065,716 |
| Sundry services | 1,734,500 | 2,451,265 |
| | 66,781,369 | 68,224,052 |

11. PERSONNEL COSTS

The caption personnel costs for the years ended 31 December 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Wages and salaries | 36,982,984 | 40,089,293 |
| Charges on wages and salaries | 8,183,096 | 8,729,825 |
| Performance bonus | 1,506,323 | 1,412,884 |
| Severance payments (Note7) | 1,922,491 | 889,300 |
| Labour accident insurance and others | 401,565 | 374,039 |
| Others | 1,501,842 | 1,325,987 |
| | 50,498,301 | 52,821,328 |

The average number of employees, per segment, of the companies included in the consolidation in the years ended 31 December 2013 and 2012, was as follows:

| | 2013 | 2012 |
|---|---|---|
| Television | 460 | 491 |
| Production | 466 | 545 |
| Radio | 123 | 129 |
| Others | 154 | 169 |
| | 1,203 | 1,333 |

12. FINANCIAL COSTS, NET

The caption finance costs, net for the years ended 31 December 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Financial costs: | | |
| Interest expense (a) | 8,161,376 | 8,503,402 |
| Loss on derivative instruments | - | 231,703 |
| Adjustment of provisions (Note 28) | 259,895 | - |
| Other financial costs | 1,096,270 | 1,098,531 |
| | 9,517,541 | 9,833,636 |
| Financial income: | | |
| Interest income | 574,219 | 201,087 |
| Other financial income | 39 | 6,864 |
| | 574,258 | 207,951 |
| | 8,943,283 | 9,625,685 |

(a) In 2013 and 2012 the Group did not incur financial costs on qualifiable assets that could be capitalized, the costs being recognized in profit and loss when incurred.

13. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Grupo Media Capital companies, except for PLURAL España and its subsidiaries, are subject to corporation income tax at the normal rate of 25% in accordance with article 87 of the Corporation Income Tax Code which can be increased by a municipal surcharge up to the maximum rate of 1.5% of taxable profit, resulting in a total maximum rate of 26.5%. In addition, accordance with article 87-A of the Corporation Income Tax Code in the year ended 31 December 2013 taxable profit exceeding 1,500,000 Euros is subject to a State surcharge, at the following rates:

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

In addition, net financial 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 financial costs and taxes.

Taxable income for 2014 is subject to Corporation Income Tax at the rate of 23% of taxable income and can be increased by surcharge, resulting in a total maximum tax rate of 24.5%, plus, where applicable, a state surcharge at the following rates:

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

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

The Group estimated income tax for 2013 and 2012 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 2013, which are taxed individually.

Plural España and its subsidiaries are subject to income tax in accordance with Spanish legislation, at a normal rate of around 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 Grupo Media Capital 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 2012). The tax losses incurred after 2014 will be carried forward during a period twelve years, limited to 70% of the Group's taxable income. Tax losses carried forward at 31 December 2013 and 2012 amounted to approximately 2,409,000 Euros and 4,342,000 Euros, respectively, and expire as follows:

| | 2013 | 2012 |
|---|---|---|
| 2013 | - | 1,947,000 |
| 2014 | 2,395,000 | 2,395,000 |
| 2015 | 14,000 | - |
| | 2,409,000 | 4,342,000 |

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 2010 to 2013, 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 also 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 2013 and 2012:

| | 2013 | 2012 |
|---|---|---|
| Profit before tax | 20,584,281 | 20,006,947 |
| Nominal income tax rate | 25.00% | 25.00% |
| Estimated tax charge | 5,146,070 | 5,001,737 |
| Permanent differences (i) | 177,587 | 1,663,162 |
| Adjustment to income tax due (ii) | 968,138 | 571,392 |
| Surcharge | 2,008,425 | 1,873,346 |
| Difference in rate (iii) | 40,446 | (99,351) |
| Others | (1,439,840) | (942,402) |
| | 6,900,826 | 8,067,884 |
| Current tax (iv) | 6,690,923 | 7,377,697 |
| Deferred tax for the year | 209,903 | 690,187 |
| | 6,900,826 | 8,067,884 |
| Effective tax rate | 33.52% | 40.33% |

(i) These amounts for the years ended 31 December 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Non tax deductible financial expenses | 1,127,094 | 4,424,671 |
| Non tax deductible amortization and depreciation | 990,474 | 1,003,643 |
| Fines and other penalties | 56,002 | 118,089 |
| Tax benefits | (735,358) | (760,361) |
| Accounting and tax gains na losses | (165,610) | 700,912 |
| Net losses/(gains) in associated companies (Note 18) | (125,164) | 59,611 |
| Others, net | (437,091) | 1,106,084 |
| | 710,347 | 6,652,649 |
| | 25.00% | 25.00% |
| | 177,587 | 1,663,162 |

(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 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Estimated current tax on income for the year | 8,528,761 | 8,834,158 |
| Credit for tax on income of foreign subsidiaries (Note 32) | (397,998) | (514,059) |
| Others (a) | (1,439,840) | (942,402) |
| | 6,690,923 | 7,377,697 |

(a) This caption includes the net effect of the excess of estimated income tax for 2013 and 2012, and the receipts resulting from the outcome of tax processes, less recognition of the estimated liability resulting from the additional corporation income tax assessments (Note 29).

Temporary differences – changes in deferred taxes:

| | 2013 | | | |
|---|---|---|---|---|
| | Beggining balances | Increase/ decrease | Utilization | Ending balances |
| Deferred tax assets: | | | | |
| Provision for impairment | 154,753 | (53,814) | - | 100,939 |
| Cost of derivatives recognized | 233,022 | (116,511) | - | 116,511 |
| Loss on available-for-sale assets | 787,500 | (50,000) | - | 737,500 |
| Inter group company margins not recognised | 3,061,492 | (183,881) | - | 2,877,611 |
| Tax losses carried forward | 432,729 | - | (60,544) | 372,185 |
| Extraordinary investment tax credit | - | 74,198 | - | 74,198 |
| | 4,669,496 | (330,008) | (60,544) | 4,278,944 |
| Deferred tax liabilities: | | | | |
| Brands acquired in business concentrations | 1,590,000 | (120,000) | - | 1,470,000 |
| Revaluations | 8,338 | (105) | - | 8,233 |
| Tax credits carried forward | - | - | 214 | 214 |
| | 1,598,338 | (120,105) | 214 | 1,478,447 |

| | 2012 | | |
|---|---|---|---|
| | Beggining balances | Increase/ decrease | Ending balances |
| 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 recognised | 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 |

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

| | 2013 | 2012 |
|---|---|---|
| Estimated current tax on income for the year (i) | 8,528,761 | 8,834,158 |
| Payments on account | (6,750,813) | (2,306,821) |
| Withholdings by third parties | (619,091) | (154,151) |
| | 1,158,857 | 6,373,186 |

(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 2013 and 2012 in the amounts of 127,749 Euros and 140,625 Euros, respectively, correspond essentially corporation income tax recoverable and special payments on account.

Cash flow:

The payments of this kind for 2013 amounted to 12,087,113 Euros and the amounts received for 2012 amounted to 1,188,045 Euros.

## 14. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2013 and 2012 were calculated considering the following amounts:

| | 2013 | 2012 |
|---|---|---|
| Earnings: | | |
| Profit for purposes of calculating earnings per share of continuing operations | 13,683,455 | 11,939,063 |
| Number of shares | | |
| Average number of shares for purposes of calculating basic and diluted earnings per share | 84,513,180 | 84,513,180 |
| Basic and diluted earnings per share of continuing operations | 0.1619 | 0.1413 |

There were no diluting effects in the years ended 31 December 2013 and 2012 and so the basic and diluted earnings per share are the same.

## 15. GOODWILL

The changes in goodwill in the years ended 31 December 2013 and 2012 were as follows:

| | 2013 | 2012 |
|---|---|---|
| Cost: | | |
| Balance at the beginning of the year | 169,740,254 | 173,535,973 |
| Changes in the consolidation perimeter (Note 6) | - | (3,795,719) |
| Balance at the end of the year | 169,740,254 | 169,740,254 |
| | | |
| Accumulated impairment losses: | | |
| Balance at the beginning of the year | (16,172,653) | (16,172,653) |
| Balance at the end of the year | (16,172,653) | (16,172,653) |
| | | |
| Net book value: | | |
| Balance at the beginning of the year | 153,567,601 | 153,567,601 |
| | | |
| Balance at the end of the year | 153,567,601 | 153,567,601 |

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:

| | 2013 |
|---|---|
| Television | 125,761,826 |
| Audiovisual production Portugal | 3,411,058 |
| Audiovisual production Spain | 3,460,000 |
| Entertainment | 782,610 |
| Radio | 18,643,989 |
| Digital | 1,508,118 |
| | 153,567,601 |

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

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

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

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

For this purpose market data obtained from external entities was used, which was compared to internal market intelligence and the Group's past experience, complemented by the estimated market effect of the business strategies adopted for each 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 +TVI.

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

- Moderate recovery of publicity income in 2014 and gradual increase, in 2018 reaching amounts still below those for 2011;
- Contained increase in income relating to the diversification of the activities of the various channels;
- Maintenance of a cost cutting policy, in accordance with that which is already in force;
- Increase in international sales.

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;
- Continued growth of the business of leasing technical means and production of events, increasing its presence in other markets.

Audiovisual production in Spain:

Operations in the Spanish and Latin American markets. 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 and benefiting from opportunities to promote the leasing of the Group's technical means;
- Decrease in the fixed costs structure, so as to adjust it to the market fluctuations.

Entertainment:

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

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

- Decrease in the physical sale of CD's due to the tendency to migrate to the digital area;
- Decrease in the structure of fixed costs to adapt them to the market;
- Gradual, but positive sustained evolution in the realization of events.

Radio:

Radio operations. With sound broadcasting of radio programs in Portugal by the following radio stations: "Rádio Comercial", "m80", "Cidade 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 and strengthened in 2013;
- Increase in market share resulting from audience leadership;
- Continuation of the cost control strategy.

Digital:

Digital operations supported by the portal www.iol.pt, which has a vast network of own contents, an extensive online directory of classified and publicity information, responsible for the majority of the Group's sites, as well as the production of mobile contents. 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:

- Improvement of the publicity market for 2014;
- Regular launching of new projects such as Apps and other mobile services;
- Maintenance of variable and fixed operating 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 2012). The discount rate used for all the cash generating units, excluding Spain, was 10.0% (10.1% in 2012), 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 9.5% (9.6% in 2012). A different rate was used in this case in relation to the other cash generating units due to the lower country risk of Spain.

The annual compound growth rate of the cash generating units under review for the period of the projections (using 2013 as the base) was 10.6% for EBITDA and 6.7% for investment (Capex). The Group believes that the estimates are reasonable, considering that 2013 was an abnormally penalizing year for the market both as regards the initiatives in progress in terms of organic growth and decrease of operating costs implemented.

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 operating segments is based, would not imply, for all material purposes, impairment of the investment.

The Board of Directors believes that any reasonably possible change in any of the above mentioned key assumptions used in the impairment tests would not result in impairment of goodwill, 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 2013 and 2012 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 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 (d) | 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 |
| | - | | | | | | |
| Changes in consolidation perimeter | - | - | 2,448,826 | (2,398,946) | - | - | 49,880 |
| Additions (Note 7) | 383 | - | - | - | 446,545 | 30,000 | 476,928 |
| Exchange translation | (30,598) | - | - | - | - | (352) | (30,950) |
| Sales and write-offs | (113,225) | - | - | (206,574) | (1,070) | (87,000) | (407,869) |
| Balance at 31 December 2013 | 1,911,111 | 6,269,000 | 5,664,433 | 9,977,084 | 6,379,009 | 522,889 | 30,723,526 |

| | Audiovisual production rights | Brands (a) | Radio broadcasting permits (b) | Radio broadcasting rights (c) | Computer programs | Other | Total |
|---|---|---|---|---|---|---|---|
| Accumulated amortization: | | | | | | | |
| 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 (Note 6) | - | - | - | - | - | (167) | (167) |
| Amortization 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 |
| Changes in consolidation perimeter | - | - | - | 49,880 | - | - | 49,880 |
| Amortization for the year (Note 17) | 733,252 | 53,800 | 312,826 | 665,052 | 856,840 | 167,255 | 2,789,025 |
| Transfers | - | - | 1,231,840 | (1,231,840) | - | - | - |
| Exchange translation | (28,830) | - | - | - | - | (352) | (29,182) |
| Sales and write-offs | (85,430) | - | - | (42,440) | - | (79,607) | (207,477) |
| Balance at 31 December 2013 | 1,121,239 | 210,718 | 3,140,006 | 4,833,906 | 4,932,422 | 513,508 | 14,751,799 |

| | Audiovisual production rights | Brands (a) | Radio broadcasting permits (b) | Radio broadcasting rights (c) | Computer programs | Other | Total |
|---|---|---|---|---|---|---|---|
| Impairment losses: | | | | | | | |
| Balance at 31 December 2011 | 2,692,854 | - | - | - | - | - | 2,692,854 |
| Write-offs | (2,692,854) | | | | | | (2,692,854) |
| Balance at 31 December 2012 and 2013 | - | - | - | - | - | - | - |

| | Audiovisual production rights | Brands (a) | Radio broadcasting permits (b) | Radio broadcasting rights (c) | Computer programs | Other | Total |
|---|---|---|---|---|---|---|---|
| Net: | | | | | | | |
| 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 |
| Net balance at 31 December 2013 | 789,872 | 6,058,282 | 2,524,427 | 5,143,178 | 1,446,587 | 9,381 | 15,971,727 |

(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 712,800 Euros, the remaining amortization period being of eight 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 3,325,266 Euros and 1,343,812 Euros, respectively. The remaining amortization period of these assets is eight years.

(d) Transfer from the caption “Other current assets” relating to co-production of several films being exploited, 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 2013 and 2012 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 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 (Note 6) | (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 |
| Changes in consolidation perimeter (Note 6) | 185,207 | 637,484 | - | - | 59,562 | 23,942 | - | 906,195 |
| Acquistions (Note 7) | 40,058 | 1,272,749 | 52,536 | - | 95,969 | 106,081 | 626,155 | 2,193,548 |
| Sales and write-offs | (5,814) | (5,021,765) | (320,842) | - | (1,612,570) | (1,373,627) | (75) | (8,334,693) |
| Transfers | - | 396,152 | - | (121,400) | 203,973 | 270,000 | (748,725) | - |
| Balance at 31 December 2013 | 13,426,124 | 104,999,771 | 2,226,498 | - | 9,833,812 | 8,483,935 | 239,598 | 139,209,738 |

| | 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 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 (Note 6) | (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 |
| Changes in consolidation perimeter (Note 6) | 142,210 | 515,423 | - | - | 46,974 | 16,092 | - | 720,699 |
| Depreciation for the year | 785,418 | 5,053,428 | 214,242 | - | 357,270 | 196,966 | - | 6,607,324 |
| Decreases due to sales and write-offs | (5,184) | (5,021,766) | (291,724) | - | (1,611,794) | (1,373,625) | - | (8,304,093) |
| Transfers | - | - | - | (105,492) | 105,492 | - | - | - |
| Balance at 31 December 2013 | 8,227,019 | 95,111,803 | 1,834,815 | - | 9,055,477 | 7,623,691 | - | 121,852,805 |

| | Land, buildings and other constructions | Machinery and equipment | Transport equipment | Tools and utensils | Administrative equipment | Other fixed assets | Fixed assets in progress | Total |
|---|---|---|---|---|---|---|---|---|
| Net book value: | | | | | | | | |
| 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 |
| Net book value at 31 December 2013 | 5,199,105 | 9,887,968 | 391,683 | - | 778,335 | 860,244 | 239,598 | 17,356,933 |

Acquisitions in 2013 and 2012 correspond essentially to the acquisition of audiovisual equipment.

Amortization and depreciation recognized in the statements of profit and loss for 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Tangible fixed assets | 6,607,324 | 8,051,389 |
| Intangible assets (Note 16) | 2,789,025 | 3,444,907 |
| | 9,396,349 | 11,496,296 |

At 31 December 2013 there were no restrictions as to the ownership of tangible fixed assets given in guarantee of liabilities; all guarantees requested in favour third parties and given by Grupo Media Capital susceptible to disclosure are listed in Note 37.

## 18. INVESTMENTS IN ASSOCIATES

The changes in investments in associates in 2013 and 2012 were as follows:

| | Investments in associates |
|---|---|
| Balance at 31 December 2011 | 1,353,620 |
| Change in consolidation perimeter (Note 6) (a) | 139,219 |
| Gain in associates | 98,788 |
| Balance at 31 December 2012 | 1,591,627 |
| | |
| Dividends (Note 6) | (111,470) |
| Gain in associates | 131,495 |
| Balance at 31 December 2013 | 1,611,652 |

(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.

of accounting to the associated companies in the years ended 31 December 2013 and 2012, the following amounts were recorded in the caption “”Gain/(loss) on associated companies”:

| Company | Investments in associates 2013 | Investments in associates 2012 | Gain /(loss) on associates 2013 | Gain /(loss) on associates 2012 |
|---|---|---|---|---|
| SOCATER | 771,445 | 760,826 | 10,619 | 1,533 |
| PCP | 552,695 | 546,003 | 6,692 | 17,265 |
| JEMPSA | 58,044 | 57,644 | 400 | (7,939) |
| Factoría | 229,462 | 227,148 | 113,784 | 87,929 |
| Other | 6 | 6 | - | - |
| | 1,611,652 | 1,591,627 | 131,495 | 98,788 |
| Plural Brasil (Note 28) (a) | - | - | (6,331) | (158,399) |
| | 1,611,652 | 1,591,627 | 125,164 | (59,611) |

(a) At 31 December 2013 provisions for additional estimated losses of 178,168 Euros had been recognized (Note 28).

The main financial information for these companies at 31 December 2013 and 2012 was as follows:

| 2013 | Head office | Participation held | Assets | Equity | Total revenue | Net result |
|---|---|---|---|---|---|---|
| SOCATER | Tenerife (Spain) | 40% | 2,436,003 | 1,928,613 | 1,419,589 | 4,012 |
| PCP | San Andrés (Spain) | 40% | 1,566,094 | 1,381,738 | - | 9,480 |
| JEMPSA (b) | Madrid (Spain) | 19% | 8,955,375 | 305,495 | 12,500 | 2,101 |
| Plural Brasil | São Paulo (BRA) | 49% | 23,204 | (363,609) | - | (72,560) |
| Factoría (a) (b) | Zaragoza (Spain) | 15% | 4,343,305 | 1,529,748 | 8,228,238 | 781,229 |

| 2012 | Head office | Participation held | Assets | Equity | Total revenue | Net result |
|---|---|---|---|---|---|---|
| SOCATER | Tenerife (Spain) | 40% | 2,337,573 | 1,902,476 | 1,478,371 | 3,832 |
| PCP | San Andrés (Spain) | 40% | 1,556,524 | 1,365,008 | - | 43,162 |
| JEMPSA (b) | Madrid (Spain) | 19% | 4,475,116 | 303,391 | - | (41,787) |
| Plural Brasil | São Paulo (BRA) | 49% | 33,278 | (350,688) | - | (318,537) |
| Factoría (b) | Zaragoza (Spain) | 15% | 3,868,052 | 1,514,320 | 6,705,363 | 586,196 |

(a) The effect of applying the equity method to the associated company Factoria at 31 December 2013 was determined based on the financial statements of the entity as of 30 November 2013 as they were the accounts available at the time.

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

## 19. BROADCASTING RIGHTS

Broadcasting rights at 31 December 2013 and 2012 are made up as follows:

| Nature | 2013 | 2012 |
|---|---|---|
| Novels | 58,260,705 | 56,042,760 |
| Films | 13,850,181 | 13,099,206 |
| Sports | 4,511,429 | 8,189,992 |
| Series | 2,408,798 | 2,167,500 |
| Entertainment | 337,895 | 274,796 |
| Others | 191,231 | 133,082 |
| | 79,560,239 | 79,907,336 |
| Non-current assets | 46,469,349 | 50,406,949 |
| Current assets | 33,090,890 | 29,500,387 |
| | 79,560,239 | 79,907,336 |

## 20. OTHER NON-CURRENT ASSETS

This caption at 31 December 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Access to the Digital Land Television network (Televisão Digital Terreste - "TDT") (a) | 3,747,059 | 4,014,706 |
| Receivables from related parties (Note 32) | 213,857 | 514,059 |
| Assets relating to co-production of films | - | 90,106 |
| Others | - | 138,857 |
| | 3,960,916 | 4,757,728 |

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

## 21. INVENTORIES

This caption at 31 December 2013 and 2012 is made up as follows:

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated impairment losses (Note 28) | Net | Gross | Accumulated impairment losses (Note 28) | Net |
| Merchandise | 623,017 | (521,398) | 101,619 | 658,131 | (471,434) | 186,697 |

## 22. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2013 and 2012 is made up as follows:

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated impairment losses (Note 28) | Net | Gross | Accumulated impairment losses (Note 28) | Net |
| Trade receivables | 37,708,483 | (5,563,567) | 32,144,916 | 36,078,803 | (6,324,001) | 29,754,802 |
| Receivables from related parties (Note 32) | 4,140,921 | - | 4,140,921 | 5,631,989 | - | 5,631,989 |
| Invoices to be issued | 5,800,657 | - | 5,800,657 | 5,521,148 | - | 5,521,148 |
| | 47,650,061 | (5,563,567) | 42,086,494 | 47,231,940 | (6,324,001) | 40,907,939 |

## 23. OTHER CURRENT ASSETS

This caption at 31 December 2013 and 2012 is made up as follows:

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated impairment losses (Note 28) | Net | Gross | Accumulated impairment losses (Note 28) | Net |
| State and other public entities (Note 31) | 1,092,232 | - | 1,092,232 | 1,455,661 | - | 1,455,661 |
| Sundry debtors | 1,190,871 | (298,456) | 892,415 | 1,313,400 | (522,815) | 790,585 |
| Receivables from related parties (Note 32) | 6,921,079 | - | 6,921,079 | 10,993,876 | - | 10,993,876 |
| Prepayments | 1,841,949 | - | 1,841,949 | 1,412,759 | - | 1,412,759 |
| | 11,046,131 | (298,456) | 10,747,675 | 15,175,696 | (522,815) | 14,652,881 |

## 24. CASH AND CASH EQUIVALENTS

This caption at 31 December 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Bank deposits | 4,941,629 | 10,558,721 |
| Cash | 295,037 | 231,763 |
| | 5,236,666 | 10,790,484 |

## 25. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

The Company's fully subscribed for and paid up capital at 31 December 2013 and 2012 consisted of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2013 and 2012 Media Capital's capital was held by the following shareholders:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Shares | Percentage | Shares | Percentage |
| Vértix, SGPS, S.A. ("VERTIX") | 80,027,607 | 94.69 | 71,576,289 | 84.69 |
| PortQuay West I B.V. | - | - | 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 25 February 2013 Vertix acquired 10% of the capital and voting rights of the Company from PortQuay.

At 31 December 2013 and 2012 the caption “Reserves” was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Free reserves | 20,863,213 | 20,310,320 |
| Legal reserve | 4,405,008 | 4,343,604 |
| Exchange translation differences | (7,042) | (85,377) |
| | 25,261,179 | 24,568,547 |

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 29 April 2013 approved the distribution of dividends totalling 11,324,776 (5,814,507 Euros in 2012) which corresponds to a dividend of 0.1340 per share (0.0688 Euros per share in 2012).

As approved by the Directors and mentioned in the Directors’ Report a proposal was made to distribute dividends of 9,803,528.88 Euros relating to the net profit for the year, which corresponds to a gross dividend of 0.116 Euros per share.

## 26. EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST

The changes in this caption in the years ended 31 December 2013 and 2012 were as follows:

| | |
|---|---|
| Balance at 31 December 2011 | 1,791,360 |
| Changes in the consolidation perimeter | (1,791,360) |
| Balance at 31 December 2012 and 2013 | - |

## 27. BORROWINGS

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Book value | | Nominal value | | Book value | | Nominal value | |
| | Current | Non-current | Current | Non-current | Current | Non-current | Current | Non-current |
| Bank loans (a) | 32,304,287 | 76,000,000 | 33,000,000 | 76,000,000 | 26,235,065 | 84,000,000 | 26,748,754 | 84,000,000 |
| Finance lease creditors (b) | 937,041 | 1,565,851 | 937,041 | 1,565,851 | 821,107 | 2,318,567 | 821,107 | 2,318,567 |
| | 33,241,328 | 77,565,851 | 33,937,041 | 77,565,851 | 27,056,172 | 86,318,567 | 27,569,861 | 86,318,567 |

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

At 31 December 2013 the nominal amount used, the amount contracted and the repayment plan were follows:

| | Amount used 31-12-2013 | Total contracted |
|---|---|---|
| Commercial paper | 99,000,000 | 113,500,000 |
| Other bank loans | 10,000,000 | 10,000,000 |
| | 109,000,000 | 123,500,000 |

The repayment plan of the amount used is as follows:

| | |
|---|---|
| 2014 | 33,000,000 |
| 2015 | 56,000,000 |
| 2016 | 13,333,334 |
| 2017 | 3,333,334 |
| 2018 | 3,333,332 |
| | 109,000,000 |

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 2013 the average spread of the borrowings was 4.848%.

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 and its financial performance, which at 31 December 2013 was not the case. In addition, reasonable changes in the financial performance measurements, namely a variance of 5% in EBITDA, continue to ensure compliance with the requirements.

In addition, this caption includes guaranteed current accounts of 18,000,000 Euros, to support short term treasury requirements, which at 31 December 2013 had not been used, which bear interest at the Euribor rate plus a spread. At 31 December 2013 the spread on these borrowings was 6.583%.

(b) At 31 December 2013 and 2012 Grupo Media Capital had the following assets under finance lease:

| | 2013 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Net |
| Machinery and equipment | 8,733,925 | (6,392,428) | 2,341,497 |
| Transport equipment | 939,001 | (683,077) | 255,924 |
| Administrative equipment | 64,867 | (64,867) | - |
| Other tangible fixed assets | 185,930 | (185,930) | - |
| | 9,923,723 | (7,326,302) | 2,597,421 |

| | 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 |

The finance lease contracts at 31 December 2013 and 2012 are repayable as follows:

| | 2013 | 2012 |
|---|---|---|
| 2013 | - | 821,107 |
| 2014 | 937,041 | - |
| | 937,041 | 821,107 |
| 2014 | - | 859,936 |
| 2015 | 889,151 | 883,180 |
| 2016 | 555,670 | 475,586 |
| 2017 | 121,030 | 99,865 |
| | 1,565,851 | 2,318,567 |

At 31 December 2013 and 2012 blank promissory notes had been given in guarantee of some of the loans from financial institutions.

## 28. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The changes in provisions and impairment losses in the years ended 31 December 2013 and 2012 were as follows:

| | Taxes | Legal processes in progress | Loss on associates (Note 18) | Total |
|---|---|---|---|---|
| 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 |
| Increases (Note 12) | 259,895 | 60,001 | 6,331 | 326,227 |
| Decreases | (303,014) | (722,741) | - | (1,025,755) |
| Utilisation | - | (425,000) | - | (425,000) |
| Balance at 31 December 2013 | 5,100,125 | 1,324,132 | 178,168 | 6,602,425 |

Provision for taxes

The provision for taxes at 31 December 2013 in the amount of 5,100,125 Euros is to cover essentially the estimated liability relating to additional assessments of corporation income tax of 5,346,000 Euros.

The liability at that date resulting from the additional assessments was estimated based on the opinions of the Group's lawyers, there being an increase of 259,895 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 legal processes in progress

The provision for legal processes in progress at 31 December 2013 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 5,070,000 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 2013 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 2013, relates to Plural Brasil (Note 18).

The changes in impairment losses in the years ended 31 December 2013 and 2012 were as follows:

| | Inventories (Note 21) | Trade and other receivables (Note 22) | Other current assets (Note 23) | Total |
|---|---|---|---|---|
| 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 |
| Increases | 49,964 | 419,775 | 147,126 | 616,865 |
| Decreases | - | (378,777) | - | (378,777) |
| Utilisation | - | (801,432) | (371,485) | (1,172,917) |
| Balance at 31 December 2013 | 521,398 | 5,563,567 | 298,456 | 6,383,421 |

In 2013 the Company used impairment losses for trade and other receivables as it considered the amounts to be uncollectible.

The provision for impairment losses (increases/decreases) recognized in the years ended 31 December 2013 and 2012 were as follows:

| | 2013 | 2012 |
|---|---|---|
| Taxes | (303,014) | - |
| Legal processes in progress | (662,740) | (1,407,611) |
| | (965,754) | (1,407,611) |
| Inventories | 49,964 | 558,699 |
| Trade and other receivables | 40,998 | (322,658) |
| Other current assets | 147,126 | 371,485 |
| | 238,088 | 607,526 |
| | (727,666) | (800,085) |

## 29. TRADE AND OTHER PAYABLES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Current supliers | 22,623,677 | 26,541,465 |
| Accounts payable to related parties (Note 32) | 3,494,451 | 5,049,264 |
| Accrued costs: | | |
| Accrued trade discounts | 11,195,831 | 13,559,244 |
| Authors' rights and royalties | 3,068,302 | 3,335,489 |
| Other supplies and services | 1,500,066 | 1,435,799 |
| Sales returns | 376,232 | 445,434 |
| Other | 3,183,934 | 2,704,009 |
| | 45,442,493 | 53,070,704 |

30. OTHER CURRENT LIABILITIES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Suppliers of fixed assets | 1,535,856 | 1,733,118 |
| Sundry creditors: | | |
| Factoring advances | 8,601,856 | 5,747,216 |
| Personnel remuneration | 8,026,421 | 6,868,278 |
| Others | 3,387,703 | 3,503,244 |
| State and other public entities (Note 31) | 10,810,247 | 9,246,652 |
| Accounts payable to related parties (Note 32) | 1,949,714 | 10,896,460 |
| Deferred revenue | 6,285,774 | 5,051,374 |
| | 40,597,571 | 43,046,342 |

31. STATE AND OTHER PUBLIC ENTITIES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Receivable balances (Note 23) | Payable balances (Note 30) | Receivable balances (Note 23) | Payable balances (Note 30) |
| Value Added Tax | 1,092,232 | 6,926,197 | 1,455,661 | 5,379,660 |
| Social Security contributions | - | 1,320,130 | - | 1,471,901 |
| Personal Income Tax | - | 1,261,025 | - | 1,422,115 |
| Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa | - | 937,208 | - | 716,054 |
| Others | - | 365,687 | - | 256,922 |
| | 1,092,232 | 10,810,247 | 1,455,661 | 9,246,652 |

## 32. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

The balances at 31 December 2013 and 2012 and transactions for the years then ended with related companies excluded from the consolidation were as follows:

| | 2013 | | | | |
|---|---|---|---|---|---|
| | Other non-current assets (Note 20) | Trade and other receivables (Note 22) | Other current assets (Note 23) | Trade and other payables (Note 29) | Other current liabilities (Note 30) |
| Top parent company: | | | | | |
| Promotora de Informaciones, S.A. (a) (b) | - | 5,440 | 3,533,066 | 3,042,030 | 457,685 |
| Parent company: | | | | | |
| VERTIX | - | 2,676 | - | - | 106,070 |
| | - | 8,116 | 3,533,066 | 3,042,030 | 563,755 |
| Associated companies: | | | | | |
| JEMPSA (d) | 213,857 | 1,069,480 | 3,231,915 | 7,692 | 379,959 |
| Plural Brasil | - | 223,479 | 155,799 | - | - |
| SOCATER | - | 16,005 | - | - | - |
| Factoría | - | 13,310 | - | - | - |
| | 213,857 | 1,322,274 | 3,387,714 | 7,692 | 379,959 |
| Other companies: | | | | | |
| Mediaset España Comunicación, S.A. (c) | - | 1,561,693 | - | 650 | - |
| Compañía Independiente de Televisión, S.L. | - | 561,955 | - | - | - |
| DTS - Distribuidora de Television Digital, S.A. | - | 524,624 | - | 220,602 | 1,006,000 |
| Prisa Digital, S.L. | - | 65,779 | - | 81,507 | - |
| SOGECABLE MÚSICA, S.L. | - | 48,260 | - | - | - |
| Promotora General de Revistas, S.A. | - | 19,448 | - | 4,510 | - |
| Diario El Pais, S.L. | - | 14,514 | - | - | - |
| Prisa Brand Solutions, S.L.U. | - | 9,431 | - | 102,414 | - |
| Santillana Editores, S.A. | - | 2,750 | - | 258 | - |
| Unión de Radio Corporativos, S.A. | - | 1,117 | - | - | - |
| Ediciones El País, S.L. | - | 960 | 299 | - | - |
| CHIP Audiovisual, S.A. | - | - | - | 34,788 | - |
| | - | 2,810,531 | 299 | 444,729 | 1,006,000 |
| | 213,857 | 4,140,921 | 6,921,079 | 3,494,451 | 1,949,714 |

| | 2013 | | | | |
|---|---|---|---|---|---|
| | Services rendered | Other operating revenue | Financial income | Supplies and services | Financial costs |
| Top parent company: | | | | | |
| Promotora de Informaciones, S.A. | 2,720 | - | 561,396 | 964,989 | - |
| Parent company: | | | | | |
| VERTIX | 18,072 | 7,788 | - | - | 93,070 |
| | 20,792 | 7,788 | 561,396 | 964,989 | 93,070 |
| Associated companies: | | | | | |
| JEMPSA | 500,000 | - | - | - | - |
| Plural Brasil | - | - | 7,060 | - | - |
| | 500,000 | - | 7,060 | - | - |
| Other companies: | | | | | |
| Mediaset España Comunicación, S.A. | 5,606,981 | - | - | 2,250 | - |
| Compañía Independiente de Televisión, S.L. | 919,930 | - | - | 58,232 | - |
| DTS - Distribuidora de Television Digital, S.A. | 764,228 | 16,006 | - | 1,395,906 | - |
| Promotora General de Revistas, S.A. | 186,064 | 29,304 | - | 15,571 | - |
| Prisa Digital, S.L. | 30,887 | - | - | 16,522 | - |
| Factoría | 26,500 | - | - | - | - |
| SOGECABLE MÚSICA, S.L. | 20,971 | - | - | - | - |
| Sociedade Española de Radiodifusión, S.A. | 6,832 | - | - | 9,071 | - |
| Santillana Editores, S.A. | 5,308 | - | - | 258 | - |
| Premiere Megaplex, S.A. | 3,107 | - | - | - | - |
| Santillana Educacion SL | 1,650 | - | - | - | - |
| Inevery, DPS, S.L. | 1,900 | - | - | - | - |
| Radio Club Canárias, S.A. | - | - | - | 256 | - |
| Prisa Brand Solutions, S.L.U. | - | - | - | 27,984 | |
| | 7,574,358 | 45,310 | - | 1,526,050 | - |
| | 8,095,150 | 53,098 | 568,456 | 2,491,039 | 93,070 |

The more significant balances with related parties at 31 December 2013 are as follows:

Promotora de Informaciones, S.A.

(a) The accounts receivable correspond essentially to a cash pooling contract with PLURAL España, totalling 2,950,747 Euros, which bears interest at the Euribor one month rate plus a spread of 2.5%.

In addition, this caption includes 397,998 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.

Mediaset España Comunicación, S.A., previously called Sociedade General de Televisión Cuatro, S.A.

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

JEMPSA

(d) These amounts correspond to the financing of a co-production, which will be realized through the exploitation of its financial rights.

The receipts and payments relating to loans granted to related companies in the year ended 31 December 2013 were as follows:

| | |
|---|---|
| Receipts relating to: | |
| Repayment of loans granted: | |
| Prisa | 6,110,471 |
| Vertix | 1,876,070 |
| | 7,986,541 |
| Payments relating to: | |
| Loand granted: | |
| Prisa | 1,661,555 |
| Jempsa | 1,135,276 |
| Vertix | 320,000 |
| | 3,116,831 |

| | 2012 | | | | |
|---|---|---|---|---|---|
| | Other non-current assets (Note 20) | Trade and other receivables (Note 22) | Other current assets (Note 23) | Trade and other payables (Note 29) | Other current liabilities (Note 30) |
| Top parent company: | | | | | |
| Promotora de Informaciones, S.A. (a) (b) | 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 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. e 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 | 9,271,040 |
| Vertix | 5,460,000 |
| Plural Brasil | 282,316 |
| Jempsa | 130,217 |
| | 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 |

In addition, in the years ended 31 December 2013 and 2012 the companies included in the consolidation carried out transactions between themselves at market prices, relating essentially to the following:

- Purchase of television and audiovisual contents;
- Purchase of cinema rights;
- Treasury loans; and
- Rendering of administrative and accounting services.

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

At 31 December 2013 and 2012 the Company had contracts and agreements with third parties to purchase rights, broadcast films and other programs in the amounts of 11,312,133 Euros and 15, 659,875 Euros, respectively. The estimated years in which the films and programs will be available for broadcasting are as follows:

31 December 2013

| Nature | 2014 | 2015 | 2016 | 2017 and following years | To be defined | Total |
|---|---|---|---|---|---|---|
| Films | 74,924 | 6,873 | 1,298,126 | 2,045,800 | 25,000 | 3,450,723 |
| Series | - | 50,082 | 66,311 | - | - | 116,393 |
| Entertainment | 2,925,017 | - | - | - | - | 2,925,017 |
| Sport | 2,665,000 | 2,155,000 | - | - | - | 4,820,000 |
| | 5,664,941 | 2,211,955 | 1,364,437 | 2,045,800 | 25,000 | 11,312,133 |

31 December 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 |
| Sport | 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 |

34. OPERATING LEASES

At 31 December 2013 and 2012 the Company had liabilities not reflected on the statement of financial position of 14,183,000 Euros and 14,287,405 Euros, respectively, under operating lease contracts.

The liabilities are as follows:

(a) Lease contract of the Company's installations ending on 31 December 2019, with a preferential right of renewal.

| Amounts recognized as cost: | 2013 | 2012 |
|---|---|---|
| Minimum operating leases payments - Queluz installations | 1,004,072 | 1,114,629 |

The liabilities assumed under the operating lease contract, not included in the statement of financial position, at 31 December 2013 and 2012 were as follows:

| Responsibilities assumed: | 2013 | 2012 |
|---|---|---|
| 2013 | - | 1,100,004 |
| 2014 | 973,512 | 1,100,004 |
| 2015 | 1,002,717 | 1,100,004 |
| 2016 | 1,032,799 | 1,100,004 |
| 2017 | 1,063,783 | 1,100,004 |
| 2018 | 1,095,696 | - |
| 2019 and following years | 1,128,567 | - |
| | 6,297,075 | 5,500,020 |

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

| Amounts recognized as cost: | 2013 | 2012 |
|---|---|---|
| Minimum vehicle lease payments | 882,026 | 990,702 |

The liabilities assumed under these vehicle lease contracts at 31 December 2013 and 2012 were payable as follows:

| Liability assumed: | 2013 | 2012 |
|---|---|---|
| 2013 | - | 915,093 |
| 2014 | 790,772 | 640,642 |
| 2015 | 635,508 | 485,937 |
| 2016 | 399,708 | 241,254 |
| 2017 | 153,228 | 5,682 |
| 2018 | 24,014 | - |
| | 2,003,230 | 2,288,608 |

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

| Amounts recognized as cost: | 2013 | 2012 |
|---|---|---|
| Minimum studio and warehouse lease payments | 731,703 | 717,276 |

The liabilities assumed under these lease contracts at 31 December 2013 and 2012 are payable as follows:

| Liability assumed: | 2013 | 2012 |
|---|---|---|
| 2013 | - | 725,975 |
| 2014 | 751,925 | 744,384 |
| 2015 | 772,003 | 763,261 |
| 2016 | 792,618 | 782,616 |
| 2017 | 813,783 | 802,461 |
| 2018 | 835,513 | 826,535 |
| 2019 and following years | 1,916,853 | 1,853,545 |
| | 5,882,695 | 6,498,777 |

35. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following rates of exchange were used at 31 December 2013 and 2012 to translate foreign currency assets and liabilities to Euros:

| | 2013 | 2012 |
|---|---|---|
| US Dollar | 1.3783 | 1.3183 |
| British Pound | 0.8364 | 0.8170 |
| Swiss Franc | 1.2259 | 1.2080 |

In addition, at 31 December 2013 and 2012 the following exchange rates were used to translate the US Dollar financial statements of Group companies to Euros:

| | 2013 | 2012 |
|---|---|---|
| Exchange rate as of the statement of financial position date | 1.3684 | 1.3183 |
| Average exchange rate for the year | 1.3668 | 1.3818 |

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

36. CONTINGENT LIABILITIES

The Group received additional corporation income tax assessments in the years 2009 to 2013, resulting from tax inspections of the years 2006 to 2011 in the amount of approximately 1,600,000 Euros. In 2013, 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 1,700,000 Euros. Based on the opinions of the Group's lawyers no liability has been estimated resulting from the outcome of the processes. Given the nature of the processes, the timing of their resolution depends on their legal resolution.

37. GUARANTEES GIVEN TO THIRD PARTIES

The Group had the following bank and other guarantees given to third parties at 31 December 2013:

| | |
|---|---|
| Union des Associations Européennes de Football - under the agreement with TVI (a) | 6,465,000 |
| Direcção Geral de Impostos – processes under execution (b) | 3,820,276 |
| Competition prizes | 2,685,352 |
| De Lage Laden International, B.V.- Sucursal em Portugal - guarantees and sureties relating to compliance with the contract to acquire equipment | 700,000 |
| Legal and other processes (b) | 60,000 |
| Guarantee of good payment - rendering of services and acquisitions contracts | 32,000 |

(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 and consultants.

In addition, at 31 December 2013 the Group was guarantor under loan contracts of its subsidiary Jempsa in the amount of 1,430,955 Euros.

38. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the key members of the Company and its subsidiaries in the year ended 31 December 2013 amounted to 1,443,543 (1,796,114 Euros in 2012).

Remuneration for the year ended 31 December 2013 is divided between fixed remuneration of 1,025,251 Euros and variable remuneration of 418,292 Euros (1,684,022 Euros and 112,092 Euros, respectively 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.

39. FINANCIAL INSTRUMENTS

At 31 December 2013 and 2012 the main financial instruments, recorded at amortized cost, were as follows:

| | 2013 | 2012 |
|---|---|---|
| Financial assets: | | |
| Available-for-sale assets | 7,632 | 7,632 |
| Receivables | 56,922,564 | 60,459,173 |
| Cash and cash equivalents (Note 24) | 5,236,666 | 10,790,484 |
| | 62,166,862 | 71,257,289 |
| | | |
| Financial liabilities: | | |
| Borrowings (Note 27) | 110,807,179 | 113,374,739 |
| Accounts payable | 87,198,921 | 102,490,232 |
| | 198,006,100 | 215,864,971 |

At 31 December 2013 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 2013. 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 2013 and the interest rates were updated and so their conditions are up-to-date considering 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 rates

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

At 31 December 2013 the full amount of the loan contracted was exposed to changes in the market interest rate.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2013 and 2012 net profit for these years would have increased or decreased by 570,000 Euros and 280,000 Euros, respectively.

The Company's sensitivity to changes in interest rates throughout 2012 was partially limited by the contracting of an interest rate fixing instrument, which terminated in December of that year.

(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 2013 relates to net assets of the subsidiary of 436,740 USD (319,161 Euros).

In addition, exchange rate risk at 31 December 2013 relates to:

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

The exchange 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 2013 and 2012, net profit for these years would have increased or decreased by approximately 13,000 Euros and 3,000 Euros, respectively. In addition, the negative effect of the translation of the operations realized abroad recorded in equity would be approximately 78,000 Euros for 2013 (5,000 Euros for 2012).

The Euro equivalents of the Company's foreign currency balances, translated at the exchange rates in force at 31 December 2013 and 2012 are as follows:

| Balances due | 2013 | 2012 |
|---|---|---|
| US Dollar (USD) | 3,396,001 | 654,231 |
| British Pound (GBP) | 29,020 | 24,460 |
| Swiss Franc (CHF) | 54,621 | 78,377 |
| | 3,479,642 | 757,068 |

In addition, at 31 December 2013 and 2012 there were contracts and agreements in foreign currencies for the purchase of rights, exhibition of films and other programs in the amounts of 3,371,876 Euros and 6,316,563 Euros, respectively.

If the rates of exchange at 31 December 2013 and 2012 were 5% higher or lower the amount of the commitments would have increased or decreased by approximately 25,000 Euros and 24,000 Euros, respectively.

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

(b) Credit risk

Credit risk relates essentially to accounts receivable resulting from the Group's operations (Notes 22 and 23), which the Group endeavours to reduce through its policy of financial discounts for early payment or payment on demand. This risk is monitored on a regular basis for each of the Group's businesses with the objective of:

- limiting credit granted to customers considering their profiles and age of the receivable;
- monitoring evolution of the credit level granted;

- analysing the recoverability of amounts receivable on a regular basis.

Accounts receivable impairment losses are calculated considering:

- an analysis of the age of accounts receivable;
- the client's risk profile;
- the client's financial condition.

Changes in impairment loss on accounts receivable are shown in Note 28.

The Board of Directors believes that the estimated impairment losses at 31 December 2013 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 28. In addition, the financial discount allowed for early payment or payment on demand serve as a means to reduce the credit risk of the Group's various businesses.

At 31 December 2013 and 2012, accounts receivable include overdue balances as detailed below, for which no impairment loss was recognized as the Board of Directors considers the balances to be realizable:

| Overdue balances | 2013 | 2012 |
|---|---|---|
| Up to 90 days | 11,471,081 | 5,364,631 |
| From 90 to 180 days | 951,054 | 1,372,483 |
| More than 180 days | 2,326,073 | 2,722,386 |
| | 14,748,208 | 9,459,500 |

(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 2013 cash and cash equivalents and the unused amount of the commercial paper program and credit lines totalled 37,736,666 Euros.

In addition, at 31 December 2013 factoring advances of 1,397,784 Euros were available. The Company believes that this amount, together with the operating cash flow and the Company's ability to renew the credit lines available, namely commercial paper, are sufficient to cover its short term financial liabilities. Financial liabilities at 31 December 2013 and 2012 mature as follows:

| Financial liabilities | 2013 Up to 1 year | 1 to 2 years | + than 2 years | Total |
|---|---|---|---|---|
| Remunerated: | | | | |
| Borrowings | 33,241,328 | 70,778,155 | 6,787,696 | 110,807,179 |
| Other current liabilities (Factoring) | 8,601,856 | - | - | 8,601,856 |
| Non-remunerated: | | | | |
| Current tax liability | 1,158,857 | - | - | 1,158,857 |
| Other current liabilities | 31,995,715 | - | - | 31,995,715 |
| Trade and other payables | 45,442,493 | - | - | 45,442,493 |
| | 120,440,249 | 70,778,155 | 6,787,696 | 198,006,100 |

| Financial liabilities | 2012 Up to 1 year | 1 to 2 years | + than 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 |

## 40. FEES OF STATUTORY AUDITOR

The statutory auditor's fees invoiced for the years ended 31 December 2013 amounted to 434,300 Euros and are made up as follows:

| Nature of the services | 2013 |
|---|---|
| Statutory audit (a) | 283,210 |
| Tax consultancy | 125,840 |
| Other non-attest services (b) | 25,250 |
| | 434,300 |

(a) This caption includes the amount of 15,710 Euros invoiced by Deloitte Spain for audit work of the Plural Spain group.

(b) This amount was invoiced by Deloitte Spain for audit of the internal control in accordance with the American Sarbanes-Oxley law, for purposes of reporting consolidated information of Prisa in the North American market.

## 41. NOTE ADDED FOR TRANSLATION

The accompanying consolidated financial statements are a translation of consolidated financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT THE BOARD OF DIRECTORS

# Individual Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| ASSETS | Notes | 2013 | 2012 |
|---|---|---|---|
| NON-CURRENT ASSETS: | | | |
| Intangible assets | 9 | 46.383 | 70.583 |
| Tangible fixed assets | 10 | 52.509 | 57.534 |
| Investments in subsidiaries | 11 | 174.413.138 | 174.413.138 |
| | | 174.512.030 | 174.541.255 |
| CURRENT ASSETS: | | | |
| Trade and other receivables | 12 | 992.028 | 348.077 |
| Other current assets | 13 | 6.920.920 | 16.246.950 |
| Cash and cash equivalents | 14 | 68.189 | 39.474 |
| | | 7.981.137 | 16.634.501 |
| TOTAL ASSETS | | 182.493.167 | 191.175.756 |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Capital | 15 | 89.583.971 | 89.583.971 |
| Reserves | 15 | 47.527.104 | 57.623.800 |
| Retained earnings | 15 | 23.535.520 | 23.535.520 |
| Net profit for the year | | 12.624.546 | 1.228.070 |
| Total equity | | 173.271.141 | 171.971.361 |
| LIABILITIES: | | | |
| CURRENT LIABILITIES: | | | |
| Current tax liability | 8 | 1.592.126 | 6.373.186 |
| Trade and other payables | 16 | 3.469.900 | 3.205.340 |
| Other current liabilities | 17 | 4.160.000 | 9.625.869 |
| Total liabilities | | 9.222.026 | 19.204.395 |
| TOTAL EQUITY AND LIABILITIES | | 182.493.167 | 191.175.756 |

The accompanying notes form an integral part of the statement of financial position as of 31 December 2013.

THE ACCOUNTANT

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GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts stated in Euros)

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

| | Notes | 2013 | 2012 |
|---|---|---|---|
| OPERATING REVENUE: | | | |
| Services rendered | 4 and 19 | 5.810.634 | 4.856.318 |
| Other operating revenue | 4 and 19 | 299.273 | 382.163 |
| Total operating revenue | | 6.109.907 | 5.238.481 |
| OPERATING EXPENSES: | | | |
| Supplies and services | 5 | (3.042.474) | (2.887.293) |
| Personnel expenses | 6 | (3.161.327) | (2.518.192) |
| Amortization and depreciation | 10 | (37.891) | (28.831) |
| Other operating expenses | | (22.308) | (36.611) |
| Total operating expenses | | (6.264.000) | (5.470.927) |
| Operating loss | | (154.093) | (232.446) |
| NET FINANCIAL ITEMS: | | | |
| Financial expense, net | 7 | (133.480) | (257.513) |
| Financial income | 7 | 96.072 | 313.823 |
| | | (37.408) | 56.310 |
| Gains on subsidiaries | 11 | 12.291.465 | 1.228.517 |
| | | 12.254.057 | 1.284.827 |
| Profit before tax | | 12.099.964 | 1.052.381 |
| Income tax | 8 | 524.582 | 175.689 |
| Net profit for the year | | 12.624.546 | 1.228.070 |
| Comprehensive income for the year | | 12.624.546 | 1.228.070 |

The accompanying notes form an integral part of the statement of comprehensive income for the year ended 31 December 2013.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(Amounts expressed in Euros)

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

| | Notes | 2013 | 2012 |
|---|---|---|---|
| OPERATING ACTIVITIES: | | | |
| Cash receipts from customers | | 7.074.630 | 5.978.620 |
| Cash paid to suppliers | | (3.581.592) | (4.252.859) |
| Cash paid to employees | | (2.427.356) | (2.111.078) |
| Flows generated by/(used in) operations | | 1.065.682 | (385.317) |
| (Payments)/receipts relating to income tax | | (12.019.188) | 1.247.165 |
| Other receipts /(payments) relating to operating activities | | 11.729.387 | (3.832.679) |
| Net cash from/(used in) operating activities (1) | | 775.881 | (2.970.831) |
| INVESTING ACTIVITIES: | | | |
| Cash received relating to: | | | |
| Interest and similar income | | 306.317 | 411.004 |
| Dividends obtained | 11 | 13.519.982 | - |
| Loans to participated companies | 14 | 14.107.725 | 11.908.827 |
| | | 27.934.024 | 12.319.831 |
| Cash paid relating to: | | | |
| Loans to participated companies | 14 | (11.588.217) | (8.881.012) |
| Acquisition of tangible assets | | (6.150) | - |
| | | (11.594.367) | (8.881.012) |
| Net cash from investing activities (2) | | 16.339.657 | 3.438.819 |
| FINANCING ACTIVITIES: | | | |
| Cash received relating to: | | | |
| Loans received from the parent company | 19 | 5.868.000 | 5.460.000 |
| Cash paid relating to: | | | |
| Repayment of loans received from the parent company | 19 | (11.315.000) | - |
| Dividends attributed | 15 | (11.324.766) | (5.814.507) |
| Interest and similar expenses | | (315.057) | (144.881) |
| | | (22.954.823) | (5.959.388) |
| Net cash used in financing activities (3) | | (17.086.823) | (499.388) |
| Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3) | | 28.715 | (31.400) |
| Cash and cash equivalents at the begining of the year | 14 | 39.474 | 70.874 |
| Cash and cash equivalents at the end of the year | 14 | 68.189 | 39.474 |

The accompanying notes form an integral part of the cash flow statement
for the year ended 31 December 2013.

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GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(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 2011 | 89.583.971 | 57.312.822 | 23.535.520 | 6.125.485 | 176.557.798 |
| Appropriation of net profit for the year: | | | | | |
| 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 |
| Appropriation of net profit for the year: | | | | | |
| Transfer to reserves (Note 15) | - | 61.404 | - | (61.404) | - |
| Distribution of dividends ( Note 15 ) | - | (10.158.100) | - | (1.166.666) | (11.324.766) |
| Net profit for the year | - | - | - | 12.624.546 | 12.624.546 |
| Balance at 31 December 2013 | 89.583.971 | 47.527.104 | 23.535.520 | 12.624.546 | 173.271.141 |

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2013.

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 “Grupo Media Capital”), 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 19 February 2014.

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

## 2. MAIN ACCOUNTING POLICIES

### 2.1 Bases of presentation

The financial statements were prepared on a going concern basis, under which assets must be realized and liabilities settled in the normal course of business, based on the Company’s accounting records.

These non-consolidated financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), as endorsed by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), for approval and publication under the terms of current legislation. As required under IFRS, investments are recorded at cost. Consequently, the accompanying financial statements do not include the effect of the consolidation of assets, liabilities, revenue and costs, which will be done in consolidated financial statements to be approved and published separately. The effect of such a consolidation is to increase assets, liabilities, operating revenue and net profit by 152,122,410 Euros, 196,864,946 Euros, 175,606,154 Euros and 1,058,909 Euros, respectively, and decrease equity by 44,742,536 Euros.

### 2.2 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, which is three years.

### 2.3 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 |
| Administrative equipment | 4 |
| Other tangible fixed assets | 3 - 10 |

2.4 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.

2.5 Investments in subsidiaries

Equity investments in subsidiaries are recorded at cost less, where applicable, impairment losses.

Dividend income from subsidiaries is recorded as financial income when it is attributed.

2.6 Financial instruments

2.6.1 Trade and other receivables and other current assets

Trade receivables and other current assets are recognised at amortized cost, using the effective interest rate method, less possible impairment losses. Impairment losses are recognised 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 recognised in the statement of profit and loss for the year.

2.6.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand 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 recognised at amortized cost calculated in accordance with the effective interest rate method.

2.7 Impairment of non-current assets

Impairment tests are made at each statement of financial position date and whenever an event or change in circumstances is noted that indicates that the book value of an asset is not recoverable.

Whenever the book value of an asset exceeds its recoverable value an impairment loss is recognised as an operating expense for the year in the statement of profit and loss.

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

2.8 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 recognised when there is 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 recognised in equity.

2.9 Revenue and accruals basis

Revenue from services rendered corresponds essentially to management services and is recognized in the statement of profit and loss when the services are rendered.

Costs and revenue are recognised in the period to which they relate, regardless of the date they are paid or received. The Company estimates the amount of costs and revenue where the actual amount is unknown.

2.10 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.

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

There were no changes in accounting policies in 2013 in relation to those used to prepare the financial information for 2012 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 2013.

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 2013:

| Standard / Interpretation | Applicable to years starting on or after | |
|---|---|---|
| Amendment to IFRS 1 – First time adoption of International Financial Reporting Standards (Loans from the Government) | 1-Jan-13 | This amendment exempts entities that adopt IFRS for the first time from the retrospective application of the IAS 39 requirements and paragraph 10A of IAS 20 relating to loans from the government. |
| Amendment to IFRS 7 – Financial instruments: disclosures (Compensation between financial assets and financial liabilities) | 1-Jan-13 | This amendment requires additional disclosures relating to financial instruments, especially relating to compensation between financial assets and liabilities. |
| Amendment to IAS 1 –Presentation of Financial Statements(Other comprehensive income) | 1-Jul-12 | This amendment consists of the following changes: (i) the items included in Other Comprehensive Income that will in the future be recognized in the statement of profit and loss must be presented separately; and (ii) the Statement of Comprehensive income will also be called the Statement of Profit and Loss and Other Comprehensive Income. |
| Revision of IAS 19 – Employee benefits | 1-Jan-13 | This amendment introduced the following changes: (i) actuarial gains and losses resulting from differences between the assumptions used in the determination of the liability and the expected income of the assets, and the amounts effectively realized, as well as those resulting from changes in the actuarial and financial assumptions occurred during the year are recognized by corresponding entry to reserves (other comprehensive income); (ii) a single interest rate becomes applicable to calculate the present value of the liability and the expected return on the plan's assets; (iii) costs recognized in profit and loss correspond only to current service cost and net interest cost ; and (iv) the introduction of new requirements in terms of disclosure. |

| | | |
|---|---|---|
| IFRS 13 – Measurement of Fair Value (new standard) | 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. |
| IFRIC 20 – Recording of certain costs in the production phase of open cast mines | 1-Jan-13 | This interpretation clarifies the recording of certain costs in the production phase of an open cast mine. |
| Improvements to international financial reporting standards (2009-2011 cycle) | 1-Jan-13 | These improvements involve the revision of several standards, namely IFRS 1 (repeated application of the standard), IAS 1 (comparative information), IAS 16 (service equipment), IAS 32 (tax effect of the distribution of equity instruments) and IAS 34 (segment information). |

The effect of adopting these standards, interpretations, amendments and revisions on the Company's financial statements for the year ended 31 December 2013 was not significant.

In preparing the financial statements as of 31 December 2013 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 2013 and 2012 include the calculation of 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 2013 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 / Interpretation | 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. |
| 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. |
| Amendment to standards:<br>• IFRS 10 – Consolidated Financial Statements<br>• IFRS 12 – Disclosures relating to participations in other entities (Investment Entities) | 1-Jan-14 | This amendment introduced an exemption from the consolidation of certain entities that qualify for the definition of investment entities. It also establishes the rules for measuring investments held by these investment entities. |
| Amendment to IAS 32 – Compensation between financial assets and liabilities | 1-Jan-14 | This amendment clarifies certain aspects of the standard relating to the application of the compensating requirements between financial assets and liabilities. |
| Amendment to IAS 36 – Impairment (Disclosures relating to the recoverable amount of non-financial assets) | 1-Jan-14 | This amendment eliminates the disclosure requirements of the recoverable amount of a cash generating unit with goodwill or intangibles of undefined useful life allocated to periods in which no impairment loss or impairment recovery is recognized. It introduces additional disclosure requirements for assets for which an impairment loss or reversal of impairment is recognized and their recoverable amount has been determined based on fair value less costs to sell. |
| Amendment to IAS 39 – Financial Instruments: Recognition and measurement (Reformulation of derivatives and continuation of hedge accounting) | 1-Jan-14 | This amendment permits the continued use of hedge accounting in certain circumstances when a derivative designated as a hedging instrument is reformulated. |

The Company did not apply any of these standards early in its financial statements for the year ended 31 December 2013. However, significant impact on the financial statements is not expected from the future adoption of the standards.

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 / Interpretation | |
|---|---|
| IFRS 9 – Financial Instruments (2009) and subsequent amendments | This standard is part of the revision of IAS 39 and establishes the requirements for the classification and measurement of financial assets. |
| Amendment to standards:<br>• IFRS 9 – Financial Instruments (2013);<br>• IFRS 12 – Financial Instruments Disclosures. | The amendment to IAS 9 is part of the revision of IAS 39 and establishes the requirements for application of the hedge accounting rules. IFRS 7 was also revised as a result of this amendment. |
| Amendment to IAS 19 – Employee benefits | This amendment establishes the circumstances in which employees' contributions to post-employment benefit plans consist of a decrease in the cost of short term benefits. |
| Improvements to international financial statement standards (2010-2012 cycle) | These improvements involve the revision of several standards. |
| Improvements to international financial statement standards (2011-2013 cycle) | These improvements involve the revision of several standards. |
| IFRIC 21 – Payments to the State | This amendment establishes the conditions as to timing of the recognition of a liability relating to payment by an entity to the State as a result of a specific event (for example, participation in a specific market), without the payment having specific goods or services received in exchange. |

These standards have not yet been endorsed by the European Union and so have not been applied by the Company in the financial statements for the year ended 31 December 2013.

4. OPERATING REVENUE

Operating revenue for 2013 and 2012 consists essentially of management services rendered to Group companies (Note 19).

## 5. SUPPLIES AND SERVICES

Supplies and services for the years ended 31 December 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Specialized services rendered by related parties (Note 19) | 1,934,484 | 1,897,563 |
| Specialized services | 658,673 | 615,254 |
| Rent and lease | 177,673 | 172,351 |
| Representation expenses | 63,535 | 48,146 |
| Insurance | 48,252 | 20,047 |
| Travel and lodging | 44,697 | 61,966 |
| Others | 115,160 | 71,966 |
| | 3,042,474 | 2,887,293 |

## 6. PERSONNEL EXPENSES

Personnel expenses for the years ended 31 December 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Remuneration | 2,149,320 | 2,012,280 |
| Performance bonus | 617,135 | 205,957 |
| Charges on remuneration | 300,064 | 228,953 |
| Labour accident insurance and related costs | 16,877 | 14,499 |
| Other | 77,931 | 56,503 |
| | 3,161,327 | 2,518,192 |

The average number of employees of the Company in the years ended 31 December 2013 and 2012 was 23 and 21, respectively.

## 7. NET FINANCIAL ITEMS

Net financial items for the years ended 31 December 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Financial expense: | | |
| Interest expense (a) | 106.006 | 230.751 |
| Other | 27.474 | 26.762 |
| | 133.480 | 257.513 |
| Financial income: | | |
| Interest obtained from related parties (Note19) | 96.070 | 306.742 |
| Other | 2 | 7.081 |
| | 96.072 | 313.823 |
| | (37.408) | 56.310 |

(a) Interest incurred with related parties in 2013 and 2012 amounted to 93,070 Euros and 191,330 Euros, respectively (Note 19).

8. 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 2013 exceeding 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 7,500,000 Euros;
- 5% for taxable profit exceeding 7,500,000 Euros.

In addition, net financial 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 financial costs and taxes.

Taxable income for 2014 is subject to Corporation Income Tax at the rate of 23% of taxable income and can be increased by surcharge, resulting in a total maximum tax rate of 24.5%, plus, where applicable, a state surcharge at the following rates:

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

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

The Company estimates income tax in accordance with the Special Regime for the Taxation of Groups of Companies (Regime Especial de Tributação dos Grupos de Sociedades - “RETGS”), which has 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 2010 to 2013 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 2013.

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 2013 and 2012 amounted to approximately 2,409,000 Euros and 4,342,000 Euros, respectively, and expire as follows:

| | 2013 | 2012 |
|---|---|---|
| 2013 | - | 1,947,000 |
| 2014 | 2,395,000 | 2,395,000 |
| 2015 | 14,000 | - |
| | 2,409,000 | 4,342,000 |

Tax losses generated as from the year starting 1 January 2014 can be carried forward for a period of twelve years.

Reconciliation of the tax rate for the years ended 31 December 2013 and 2012 is as follows:

| | 2013 | 2012 |
|---|---|---|
| Profit before tax | 12,099,964 | 1,052,381 |
| Nominal income tax rate | 25.00% | 25.00% |
| Estimated tax charge | 3,024,991 | 263,095 |
| Permanent differences (i) | (3,070,486) | (303,766) |
| Adjustment to income tax due (ii) | 42,175 | 27,277 |
| Excess estimated corporate income tax of prior years | (521,262) | (162,295) |
| | (524,582) | (175,689) |
| Current tax | (524,582) | (175,689) |
| Effective tax rate | -4.34% | -16.69% |

(i) These amounts for the years ended 31 December 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Dividends attributed (Note 11) | (12,291,465) | (1,228,517) |
| Others, net | 9,521 | 13,452 |
| | (12,281,944) | (1,215,065) |
| | 25.0% | 25.0% |
| | (3,070,486) | (303,766) |

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

The caption “Current tax liability” at 31 December 2013 and 2012 is made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Corporation income tax: | | |
| Estimated tax - tax consolidation (RETGS) | 8,525,869 | 8,834,158 |
| Payments on account | (6,731,112) | (2,306,821) |
| Withholdings by third parties | (202,631) | (154,151) |
| | 1,592,126 | 6,373,186 |

## 9. INTANGIBLE ASSETS

Intangible assets at 31 December 2013 and 2012 amounted to 46,383 Euros and 70,583 Euros and corresponded entirely to computer programs, which in 2012 became available to function. Amortization for the years ended 31 December 2013 and 2012 amounted to 24,200 Euros and 2,017 Euros, respectively (Note 10).

## 10. TANGIBLE FIXED ASSETS

The changes in tangible fixed assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2013 and 2012 were as follows:

| | Buildings and other constructions | Administrative equipment | Other tangible fixed assets | Total |
|---|---|---|---|---|
| Gross: | | | | |
| 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 |
| Acquisitions | - | 7,707 | 959 | 8,666 |
| Sales and write-offs | - | (3,493) | - | (3,493) |
| Balance at 31 December 2013 | 74,850 | 138,665 | 861,917 | 1,075,432 |

| | Buildings and other constructions | Administrative equipment | Other tangible fixed assets | Total |
|---|---|---|---|---|
| Depreciation and accumulated impairment losses: | | | | |
| 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 |
| Increase | 7,485 | 5,541 | 665 | 13,691 |
| Sales and write offs | - | (3,493) | - | (3,493) |
| Balance at 31 December 2013 | 39,296 | 122,658 | 860,969 | 1,022,923 |

| | Buildings and other constructions | Administrative equipment | Other tangible fixed assets | Total |
|---|---|---|---|---|
| Net balance at 31 December 2012 | 43,039 | 13,841 | 654 | 57,534 |
| Net balance at 31 December 2013 | 35,554 | 16,007 | 948 | 52,509 |

Amortization and depreciation recognized in the statement of profit and loss for the years ended 31 December 2013 and 2012 were as follows:

| | 2013 | 2012 |
|---|---|---|
| Tangible fixed assets | 13,691 | 26,814 |
| Intangible assets (Note 9) | 24,200 | 2,017 |
| | 37,891 | 28,831 |

11. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries at 31 December 2013 and 2012 correspond to the investment in Meglo, the head office, assets, equity, total income and net profit for the year of which were as follows:

| | | 2013 | | | | | |
|---|---|---|---|---|---|---|---|
| Company | Head office | Total assets | Total revenue | Equity | Net profit for the year | Participation percentage | Book value |
| Meglo | Lisbon | 269,582,072 | 64,258,594 | 16,684,827 | 13,350,376 | 100% | 174,413,138 |

| | | 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 |

In the years ended 31 December 2013 and 2012 Meglo - Media Global, SGPS, S.A. (“Meglo”) distributed dividends of 12,291,465 Euros (Note 8) and 1,228,517 Euros (Note 8), respectively, as decided by the Shareholders’ General Meetings held on 20 February 2013 and 27 December 2012, respectively. These amounts were recorded in the caption “Gain on subsidiaries” in the statements of comprehensive income. The dividends declared in 2012 were only paid in 2013 (Note 19).

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, as prepared and approved by management.

In accordance with IFRS 8 an operating segment is a component of the Group that:
- Carries out business activities which generate income and incur costs;
- Has is results monitored on a regular basis by the Group’s decision makers, when they decide the allocation of resources and monitor the performance of the segment; and
- Has financial information available on an individual basis.

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 (television and radio);
- Market share (television and radio);
- Operating costs;
- Synergies and rationalization of production costs.

The discounted cash flow method was used, cash flow projections for five years having been prepared, perpetuity being considered thereafter. The nominal growth rate used for the perpetuity was 2.5% (2.5% in 2012). Except for Plural España, the discount rate used was 10.0% (10.1% in 2012), 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 Group. In the case of Plural España the discount rate used was 9.5% (9.6% in 2012). 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 all the cash generating units under review for the period of the projections (using 2013 as the base) was 10.6% for EBITDA and 6.7% for investment (Capex). The Group believes that the estimates are reasonable, considering both that 2013 was an abnormally penalizing year for the market and the organic growth initiatives in progress and decrease in operating costs implemented.

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 material 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 the net book value of the investment to exceed its estimated recoverable amount, considering a 0.5% variation in the nominal growth rate used in the perpetuity or on the discount rate.

## 12. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | | | 2012 | | |
|---|---|---|---|---|---|---|
| | Gross | Accumulated impairment loss | Net | Gross | Accumulated impairment loss | Net |
| Trade receivables | 4,025 | (4,000) | 25 | 4,000 | (4,000) | - |
| Receivables from related parties (Note 19) | 992,003 | - | 992,003 | 348,077 | - | 348,077 |
| | 996,028 | (4,000) | 992,028 | 352,077 | (4,000) | 348,077 |

## 13. OTHER CURRENT ASSETS

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Accounts receivable from related parties (Note 19) | 6,908,800 | 16,235,027 |
| State and other public entities (Note 18) | - | 2,043 |
| Others | 12,120 | 9,880 |
| | 6,920,920 | 16,246,950 |

14. CASH AND CASH EQUIVALENTS

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Bank deposits | 63,614 | 34,899 |
| Cash | 4,575 | 4,575 |
| | 68,189 | 39,474 |

Receipts from and payments to subsidiary companies amounting to 14,107,725 Euros (11,908,827 Euros in 2012) and 11,588,217 Euros (8,881,012 Euros in 2012), respectively, at 31 December 2013 refer to loans granted by the Company to those companies, which bear interest at market rates for similar operations.

15. EQUITY

The Company's fully subscribed for and paid up capital at 31 December 2013 and 2012 consisted of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2013 and 2012, Media Capital's capital was held by the following shareholders:

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Shares | Percentage | Shares | Percentage |
| Vértix, SGPS, S.A. ("VERTIX") | 80,027,607 | 94.69 | 71,576,289 | 84.69 |
| PortQuay West I B.V. | - | - | 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 25 February 2013 Vertix acquired 10% of the capital and voting rights of the Company from PortQuay.

At 31 December 2013 and 2012 the caption "Reserves" was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Free reserves | 43,122,096 | 53,280,196 |
| Legal reserve | 4,405,008 | 4,343,604 |
| | 47,527,104 | 57,623,800 |

In accordance with current legislation the Company must transfer at least 5% of its annual net profit to a legal reserve until it 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 2013 and 2012 amounted to 23,535,520 Euros, which corresponds to freely available profits earned in preceding years.

Net profit for the years ended 31 December 2012 and 2011 was appropriated as follows in accordance with decisions taken at the Shareholders' Annual General Meetings held on 29 April 2013 and 21 March 2012:

| | 2012 | 2011 |
|---|---|---|
| Free reserves | - | 4,704 |
| Legal reserve | 61,404 | 306,274 |
| Distribution of dividends | 1,166,666 | 5,814,507 |
| | 1,228,070 | 6,125,485 |
| Gross dividend per share | 0.1340 | 0.0688 |

As decided at that same Shareholders' General Meeting additional dividends of 10,158,100 Euros were paid.

As approved by the Board of Directors on that date and mentioned in the Directors' Report, a proposal was made to distribute dividends of 9,803,528.88 Euros relating to net profit for 2013, which corresponds to a gross dividend of 0.116 per share.

16. TRADE AND OTHER PAYABLES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Accounts payable to related parties (Note 19) | 3,250,574 | 2,953,667 |
| Current trade payables | 187,991 | 123,383 |
| Accrued costs: | | |
| Other supplies and services | 30,430 | 123,176 |
| Others | 905 | 5,114 |
| | 3,469,900 | 3,205,340 |

17. OTHER CURRENT LIABILITIES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Accounts payable to related parties (Note 19) | 2,849,532 | 8,947,900 |
| Accrued remuneration | 1,006,513 | 551,630 |
| State and other public entities (Note 18) | 303,955 | 126,339 |
| | 4,160,000 | 9,625,869 |

18. STATE AND OTHER PUBLIC ENTITIES

This caption at 31 December 2013 and 2012 was made up as follows:

| | 2013 | 2012 | |
|---|---|---|---|
| | Accounts payable (Note 17) | Accounts receivable (Note 13) | Accounts payable (Note 17) |
| Value Added Tax | 146,118 | 2,043 | 15,504 |
| Social Security contributions | 51,424 | - | 45,417 |
| Personal Income Tax | 106,413 | - | 65,418 |
| | 303,955 | 2,043 | 126,339 |

19. RELATED PARTIES

The balances at 31 December 2013 and 2012 and transactions in the years then ended with related parties (Prisa Group companies) were as follows:

Balances with related parties:

| | 2013 | | | |
|---|---|---|---|---|
| | 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 | - | 27,630 | 3,042,605 | - |
| Parent company: | | | | |
| VERTIX | 823 | - | - | 106,070 |
| | 823 | 27,630 | 3,042,605 | 106,070 |
| Participated companies: | | | | |
| TVI – Televisão Independente, S.A. (“TVI”) | 613,453 | 5,811,890 | 57,638 | - |
| PLURAL Entertainment Portugal, S.A. ("PLURAL") | 204,965 | - | 8,342 | 549,913 |
| MCP - MÉDIA CAPITAL PRODUÇÕES, S.A. ("MCP") | 58,887 | - | - | 722,579 |
| PLURAL Entertainment España, S.L. ("PLURAL España") | 43,740 | - | 40,609 | - |
| RÁDIO COMERCIAL, S.A. (“COMERCIAL”) | 24,262 | 581,579 | - | - |
| FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. (“FAROL”) | 21,244 | - | - | 106,703 |
| MEDIA CAPITAL DIGITAL, S.A. (“DIGITAL”) (a) | 18,428 | - | 1,192 | 31,037 |
| IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios") | 1,234 | - | 1,169 | 54,695 |
| MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. (“MC SERVIÇOS”) | 479 | 190,222 | 91,805 | - |
| EPC – Empresa Portuguesa de Cenários, Lda. (“EPC”) | 100 | 23,145 | - | - |
| Meglo | 25 | 172,770 | 2,989 | 820,521 |
| EMAV – Empresa de Meios Audiovisuais, Lda. (“EMAV”) | 25 | 34,574 | 2,947 | - |
| MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT") | 25 | 19,157 | - | - |
| Publipartner - Projectos de Media e Publicidade, Unipessoal, Lda. ("Publipartner") | 25 | 12,275 | - | - |
| MCME - Media Capital Música e Entretenimento, S.A. ("MCME") | 25 | 12,113 | - | - |
| R. CIDADE – Produções Audiovisuais, S.A. (“CIDADE”) | 25 | 8,018 | - | - |
| CASA DA CRIAÇÃO – Argumentos para Audiovisual, Lda. (“CASA DA CRIAÇÃO”) | 25 | 5,346 | - | - |
| Flor do Éter Radiodifusão, Lda. ("Flor do Éter") | 25 | 4,544 | - | - |
| RVA - Rádio Voz de Alcanena, Lda. ("Rádio Voz de Alcanena") | 25 | 3,206 | - | - |
| MEDIA CAPITAL PRODUÇÕES INVESTIMENTOS - SGPS, S.A. ("MCP INVESTIMENTOS") | 25 | 344 | - | - |
| Drums Comunicações Sonoras, S.A. ("Drums") | 25 | - | - | 1,132 |
| Radio Nacional - Emissões de Radiodifusão, S.A. ("Rádio Nacional") | 25 | - | - | 643 |
| MCR II - Media Capital Rádios, S.A. ("MCRII") | 25 | - | - | 265,910 |
| RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. (“REGIONAL”) | 25 | - | - | 148,785 |
| CLMC – Multimedia, S.A. (“CLMC”) | 25 | - | - | 36,916 |
| Rádio Litoral Centro - Empresa de Radiodifusão, Lda. ("Rádio Litoral Centro") | 25 | - | - | 4,628 |
| Rádio XXI, Lda.("XXI") | - | 1,688 | - | - |
| | 987,192 | 6,880,871 | 206,691 | 2,743,462 |
| Other companies: | | | | |
| Promotora General de Revistas, S.A. | 3,029 | - | - | - |
| Ediciones EL Pais SL | 959 | 299 | - | - |
| DTS - Distribuidora de Television Digital, S.A. | - | - | 1,020 | - |
| Santillana Editores, S.A. | - | - | 258 | - |
| | 3,988 | 299 | 1,278 | - |
| | 992,003 | 6,908,800 | 3,250,574 | 2,849,532 |

| | 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 |
| Participated 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 DIGITAL, S.A. ("DIGITAL") (a) | 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 |

(a) Up to 1 November 2013 called Media Capital – Editora Multimédia, S.A..

Accounts receivable recorded in the caption "Trade and other receivables" at 31 December 2013 and 2012 result from Management Fees invoiced by the Company in its capacity as renderer of services and management of investments.

The decrease in the amounts reflected in 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 (RETGS) (Note 8).

The accounts receivable from Meglo at 31 December 2013 and 2012 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 attributed to the Company by its subsidiary paid in 2013 (Note 11). The variation corresponds to payment of the dividend and repayment of a significant part of the loan in 2013.

In 2013 the Company paid 11,315,000 Euros relating to loans granted by Vertix in 2013 and 2012 in the amounts of 5,868,000 Euros and 5,460,000 Euros, which bore interest at normal market rates for similar transactions.

Transactions with related parties:

| | 2013 | | | | |
|---|---|---|---|---|---|
| | Services rendered | Other operating revenue | Financial income (Note 7) | Supplies and services (Note 5) | Financial expense (Note 7) |
| Top parent company: | | | | | |
| Prisa | - | - | - | 964,989 | - |
| Parent company: | | | | | |
| VERTIX | - | 7,788 | - | - | 93,070 |
| | - | 7,788 | - | 964,989 | 93,070 |
| Participated companies: | | | | | |
| TVI | 3,782,188 | 133,140 | - | - | - |
| PLURAL | 1,037,164 | 24,072 | - | 6,782 | - |
| COMERCIAL | 381,407 | 70,932 | - | - | - |
| MCP | 199,861 | - | - | - | - |
| PLURAL España | 174,960 | - | - | 40,608 | - |
| FAROL | 126,149 | 11,976 | - | - | - |
| DIGITAL | 108,886 | 9,816 | - | 11,628 | - |
| Publipartner | 19 | - | - | - | - |
| IOL Negócios | - | 12,036 | - | 11,400 | - |
| Meglo | - | - | 96,070 | - | - |
| MCS SERVIÇOS | - | - | - | 898,819 | - |
| | 5,810,634 | 261,972 | 96,070 | 969,237 | - |
| Other companies: | | | | | |
| Promotora General de Revistas, S.A. | - | 29,304 | - | - | - |
| PRISA TELEVISIÓN, S.A.U. | - | - | - | - | - |
| Santillana Editores, S.A. | - | - | - | 258 | - |
| | - | 29,304 | - | 258 | - |
| | 5,810,634 | 299,064 | 96,070 | 1,934,484 | 93,070 |

| | 2012 | | | | |
|---|---|---|---|---|---|
| | Services rendered | Other operating revenue | Financial income (Note 7) | Supplies 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 |
| Participated 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 | - | - | - | - |
| DIGITAL | 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 |

## 20. REMUNERATION OF 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 2013 was 1,443,543 Euros (1,796,114 Euros in 2012).

Remuneration for the year ended 31 December 2013 is divided between fixed remuneration of 1,025,251 Euros and variable remuneration of 418,292 Euros (1,684,022 Euros and 112,092 Euros in 2012, respectively).

All the remuneration earned by the key members of the Company and its subsidiaries corresponds to short term benefits. Remuneration of the above mentioned key members is determined by the Company's Remuneration Commission considering the parameters relating to individual performance.

21. FINANCIAL INSTRUMENTS

Financial instruments at 31 December 2013 and 2012 are made up as follows:

| | 2013 | 2012 |
|---|---|---|
| Financial assets: | | |
| Accounts receivable (Notes 12 and 13) | 7,912,948 | 16,595,027 |
| Cash and cash equivalents (Note 14) | 68,189 | 39,474 |
| | 7,981,137 | 16,634,501 |
| Financial liabilities: | | |
| Payables (Notes 8, 16 and 17) | 9,222,026 | 19,204,395 |

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;
- Analysing the financial condition of the related parties on a regular basis.

22. FEES OF THE STATUTORY AUDITOR

Fees invoiced by the statutory auditor for the year ended 31 December 2013 amounted to 146,090 Euros made up as follows:

| | |
|---|---|
| Statutory audit | 21,500 |
| Tax consultancy | 99,340 |
| Other non-attest services | 25,250 |
| | 146,090 |

23. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese language version prevails.

THE ACCOUNTANT THE BOARD OF DIRECTORS

# CERTIFICAÇÃO LEGAL DE CONTAS

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 2013 da Grupo Media Capital, SGPS, S.A. e suas subsidiárias (“Grupo”), as quais compreendem a demonstração consolidada da posição financeira em 31 de Dezembro de 2013, que evidencia um total de 334.615.577 Euros e capital próprio de 128.528.605 Euros, incluindo um resultado líquido consolidado de 13.683.455 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.

**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 da Grupo Media Capital, SGPS, S.A. e suas subsidiárias em 31 de Dezembro de 2013, o resultado consolidado e os rendimentos integrais consolidados das suas operações, as alterações no seu capital próprio consolidado e os seus fluxos consolidados de caixa no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro tal como 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 nos termos do artigo 245º-A do Código dos Valores Mobiliários.

Lisboa, 20 de Fevereiro de 2014

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Deloitte & Associados, SROC S.A.
Representada por João Luís Falua Costa da Silva

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 2013 da Grupo Media Capital, SGPS, S.A. (“Empresa”), as quais compreendem a demonstração da posição financeira em 31 de Dezembro de 2013 que evidencia um total de 182.493.167 Euros e capital próprio de 173.271.141 Euros, incluindo um resultado líquido de 12.624.546 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 rendimentos integrais das suas operações, as alterações no seu capital próprio e os seus fluxos de caixa; (ii) que a informação financeira histórica seja preparada de acordo com as Normas Internacionais de Relato Financeiro tal como adoptadas pela 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; e (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 2013, os seus rendimentos integrais, as alterações no seu capital próprio e os seus fluxos de caixa no exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro tal como adoptadas pela 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 e publicação nos termos da legislação em vigor. Conforme previsto nos IAS/IFRS e indicado na Nota 2.5, os investimentos financeiros em empresas do grupo são apresentados ao custo de aquisição deduzido de perdas por imparidade, quando estas se verifiquem. Assim, as demonstrações financeiras anexas não incluem o efeito da consolidação de activos, passivos, capital próprio, rendimentos e gastos totais das empresas participadas directa ou indirectamente pela Empresa, o que será efectuado em demonstrações financeiras consolidadas a elaborar e aprovar em separado.

**Relato sobre outros requisitos legais**

7. É também nossa opinião que a informação financeira constante do Relatório de Gestão é concordante com as demonstrações financeiras do exercício e o relato sobre as práticas de governo societário inclui os elementos exigíveis à Empresa nos termos do artigo 245º-A do Código dos Valores Mobiliários.

Lisboa, 20 de Fevereiro de 2014

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Deloitte & Associados, SROC S.A.
Representada por João Luís Falua Costa da Silva