GRUPO MEDIA CAPITAL SGPS, SA
Sociedade Aberta
Sede: Rua das Amoreiras, n.º 105, Lisboa
Matriculada na Conservatória do Registo Comercial de Lisboa sob o n.º 1891
Pessoa Colectiva n.º 502 816 481
Capital Social: 7.448.832,72 euros

COMMUNICATION OF RELEVANT FACT

Communication regarding impact of International Accounting Standards

In the terms and for the effects of article 248, number 1 of Portuguese Securities Code, Grupo Media Capital, SGPS, S. A. ("Media Capital" or "Company"), hereby presents information regarding the impact with the adoption of the International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS").

Main facts to highlight:

- Total Equity as of 1st January 2004 improves by € 3.7 million mainly due to the impact of minority interests.
- 2004 Net Result improves € 15.3 million mainly due to the following impacts:
  - Goodwill amortization with a total impact of € 10.9 million
  - Loan refinancing expenses with an impact of € 2.3 million
  - Amortization of capitalized expenses related with the Company's IPO and share capital increase with an impact of € 1.5 million
- Total Equity as of 31st December 2004 improves € 8.7 million due to the above effects, offset by IPO expenses amounting € 10.2 million.
- Reduction of € 5.6 million in bank debt, following mainly the reclassification of syndicated loan's restructuring expenses.
- Reclassification of certain operating revenues and financial expenses, with no impact on Net Result.

The Company reached a preliminary conclusion of the main differences, between the Portuguese GAAP and IAS/IFRS. Thus, in compliance with the European Parliament and Council Regulation nº 1606/2002, the Company will present its 1st Quarter financial information in accordance with these new standards.

The information disclosed in this document derives from the need to adopt the IFRS standards in 2005 and the related adjustments were calculated based on the last version of these standards. Accordingly, the financial information regarding 1st Quarter 2005, will not fulfil all the IFRS/IAS standards, namely the one related with the interim financial information reporting, which the Company understands, and will comply and disclose on the consolidated accounts for the 1st half of 2005. However, we would like to highlight that, according to the IFRS, the full compliance with these new standards is only achievable in a complete set of consolidated financial accounts, which comprises, a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, and notes comprising a summary of significant accounting policies, and other explanatory notes and a Management unreserved statement of full compliance of these new standards.

The reconciliations presented in this document should be considered preliminary. In accordance with IFRS 1, the accounting policies used in the transition period should be in accordance with each IAS/IFRS standards existing as of the reporting date of the 1st complete set of consolidated financial information, which will be only presented with the consolidated accounts as of 31st December 2005.

The presented financial information was prepared according to our understanding of the present written International Accounting Standards and corresponding interpretations. However, the referred standards are subject to a continuous process of revision, from which changes may occur which can affect the Company's financial position. On the other hand, because we are experiencing a transition period, eventual positions taken by regulators and clarifications resulting from the market players, in particular those in the industry where the Company operates might lead to future changes in the information presented. The information hereby presented is not audited, although Management believes that any adjustment identified will not be material.

Additionally, the information included in this document only reflects the impact on consolidated accounts. Media Capital understands that there are still some differences in the preparation and presentation of the individual accounts according with Portuguese GAAP and IAS/IFRS. As such the individual accounts will have differences when compared to the consolidated accounts, prepared with IFRS/IAS.

Taking this information into consideration, we've quantified the impact with the adoption of IAS/IFRS on the consolidated balance sheet, as of transition date (1 January 2004) and as of 31 December 2004. We also present the reconciliation of Net Result for the year ended 31 December 2004 (amounts in Euro thousand).

Total Equity as of transition date (1 January 2004)

Total Equity as of 1 January 2004 (PGAAP)	-19,631
Accounting for the investment in associated companies (a)	-983
Derivatives accounted at fair value (b)	-2,978
Loan refinancing expenses (c)	3,320
Adjustment to Badwill (d)	229
Present value accounting of medium and long term accounts receivable and payable (e)	1,266
Deferred taxes associated to the differences above	-417
Total Equity attributable to Equity holders as of 1 January 2004 (IAS/IFRS)	-19,194
Minority interests as of 1 January 2004	3,263
Changes to minority interests	1
Total Equity as of 1 January 2004 (IAS/IFRS)	-15,930

Net Result of year ended 31 December 2004

Net Result as of 31 December 2004 (PGAAP)	-5,802
Accounting for the investment in associated companies (a)	983
Derivatives accounted at fair value (b)	800
Loan refinancing expenses (c)	2,290
Amortization and impairment analysis to Goodwill and Badwill adjustment (d)	10,886
Present value accounting of medium and long term accounts receivable and payable (e)	-432
Reclassification of expenses incurred with the Company's IPO - impact in 2004 amortizations (f)	1,465
Deferred taxes associated to the differences above	-737
Net Result as of 31 December 2004 (IAS/IFRS)	9,453

Total Equity as of 31 December 2004

Total Equity as of 31 December 2004 (PGAAP)	103,819
Transition adjustments as of 1 January 2004	437
Reclassification of expenses incurred with the Company's IPO (f)	-10,205
Differences between PGAAP and IFRS in Net Result	15,255
Total Equity attributable to Equity holders as of 31 December 2004 (IAS/IFRS)	109,306
Minority interests as of 31 December 2004	3,173
Total Equity as of 31 December 2004 (IAS/IFRS)	112,479

The main differences identified and disclosed in the above tables are the following:

(a) Accounting for the investments in associated companies

As of the 31st December 2003, Media Capital had recorded on its consolidated balance sheet, financial investments in associated companies at acquisition cost. These participations were not recorded by the equity method because, by that date, it was Management's intention to sell those investments. However, those assets were subject to impairment analysis. Taking into account the fact that this exception does not exist in IFRS and considering that the disposal of these assets did not occur in the short term, we are applying the equity method on theses investments at the transition date.

(b) Derivatives accounted at fair value

Media Capital contracted financial derivatives (Interest Rate SWAP's), with the purpose of covering the interest rate risk. Media Capital chose to classify these instruments as negotiation derivatives. In accordance with IAS/IFRS, these financial instruments should be accounted at fair value through profit or loss. Accordingly, as of the transition date, a liability was recognized against retained earnings, for the difference between the fair value of these derivatives and their book value. In 2004, the fair value variations were accounted in the income statement.

(c) Loan refinancing expenses

In Portuguese GAAP, Media Capital accounted as intangible assets some expenses incurred with the issue and renegotiation of a syndicated loan. These expenses were being amortized in the period of the referred loan.

According to IAS/IFRS, the accounting of restructured loans obtained and associated expenses depend upon the level of change to the original terms of the loans. From the analysis performed to the amendments of this loan, we've reached the conclusion that the incurred expenses should be amortized for the period of the loan, until its maturity.

Thus, as of transition date, the restructuring expenses were reversed and recorded as a reduction of the related loans. During the forthcoming years the amortization of the restructuring expenses will be recognized as a finance expense, during the loan maturity period.

(d) Amortization and impairment analysis to Goodwill and Badwill adjustment

In accordance with IAS/IFRS, Goodwill is not amortized, and is subject to periodic impairment analysis. Additionally Badwill is recorded directly in the income statement.

(e) Present value accounting of medium and long term accounts receivable and payable

Media Capital has several medium and long term accounts receivable and payable, which do not bear interest. In accordance with IFRS/IAS the interest free assets and liabilities should be accounted at the present value of the discounted future cash flows. Accordingly, as of the transition date, a reduction of the assets and liabilities was recognized against retained earnings, for the difference between the present value of the medium and long term accounts payable and receivable and their book value, recorded according with Portuguese GAAP. In the forthcoming years, the present value is adjusted through the income statement, as finance expense.

(f) Reclassification of expenses incurred with the Company's IPO

In accordance with IAS/IFRS, the expenses incurred with capital increases should be recorded as a reduction of the share premium issued. Media Capital increased its share capital during the 2nd quarter of 2004. According with Portuguese GAAP, these expenses are capitalized as intangible assets.

(g) Reclassification of financial discounts

Certain discounts, granted to clients were reclassified from financial costs to operating income, as a sales reduction. This reclassification had no impact in the Company's Net Result.

Lisbon, 4th of May, 2005

Grupo Media Capital

Susana Gomes da Costa
Investor Relations Officer