Relatório Anual
Annual Report
2010

Grupo Media Capital, SGPS, S.A.

INDEX

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

Management Report

GRUPO MÉDIA 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 2010. 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

2010 ACCOUNTS

Grupo Média Capital, SGPS, SA
Capital Social: € 89.583.970,80
Sociedade Aberta
Contribuinte Nº 502 816 481
Matriculada na Conservatória do Registo Comercial de Cascais sob o Nº 17831

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INTRODUCTION

The company Grupo Média 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, 2010.

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

GROUP STRUCTURE

Grupo Media Capital is currently the leading media group in Portugal in terms of EBITDA and Net Income, with a strong presence in most of the segments in the media sector and in the production of audiovisual contents. Its operational structure reflects this broad business scope and is horizontal, organized into six different business units – which already excludes the press activity, following its sale – and an internal Shared Services Unit (named “One”) that centralizes all the administrative functions and serves the other Group companies in areas such as human resources, accounting, financial management, treasury and purchases.

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

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

In terms of financial reporting, the structure adopted by Media Capital comprises four reporting segments: Television (which includes TVI and Publipartner), Audiovisual Production, Entertainment (which includes the Group’s cinema, music and music event production activities) and Radio. The remaining companies and business units are grouped in a separate segment called Other. The purpose of this structure is to simplify the evaluation and visibility of the different business units where the company operates, taking into account the dimension and the existing relations and synergies between the companies of each business segment

ECONOMIC ENVIRONMENT

After a strong worldwide recession, unprecedented in recent history, the fast, profound and even innovative response from the key world authorities, combined with anti-cyclical policies launched by governments of the most affected economies, has allowed a gradual reduction in risk aversion by various economic agents, and thereby has also reduced volatility in the financial markets. As a result, the signs of recession in economic activity have diminished.

The world’s economic performance in the second half of 2010, driven mainly by the Japanese and US economies, led to a slight upwards revision (4.4% - a 0.2 pp increase on the previous estimate) of the world economic forecast by the IMF, despite the risks surrounding the need for budget consolidation in the medium-term and the weakness still being shown in the property market.

Regarding the euro-zone, the forecasts suggest slight growth (1.5%) in 2011, despite the deterioration seen among the peripheral economies, whose volatility still carries some risk of financial contagion for the region's large economies.

In this difficult context, the most recent 2011 estimates published for the Portuguese economy in January by some of the most respected international organisations suggest GDP falling around 1.4%, with a slight recovery of 0.6% forecast for 2012. These low economic growth levels are supported by the high level of public debt, the strong fall in domestic demand, affected by the budget consolidation measures and the greater restrictions on financial conditions, as well as the fall in contribution from the labour input due to the increase in structural unemployment. Prices should revert to an upward trend, without significant risks of strong acceleration.

Advertising market performance

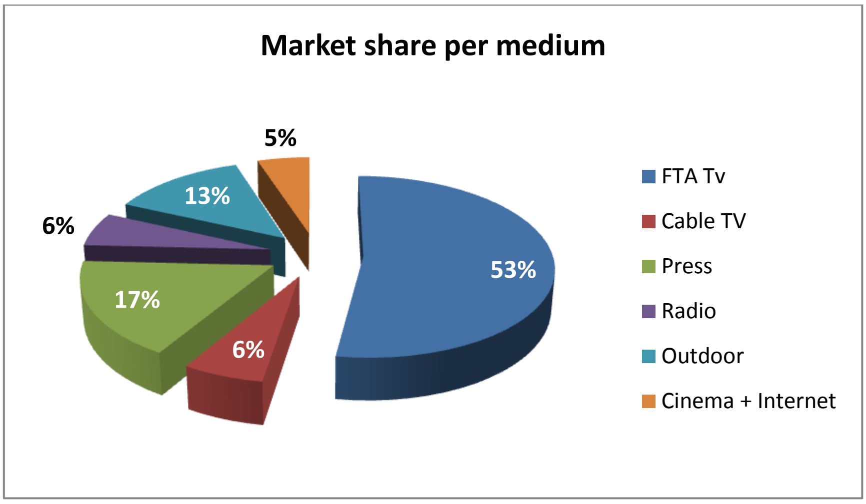
Following the economy's general trend in 2010, the Portuguese advertising market contracted again during the year, affecting almost all media except pay-TV, radio and internet, both in terms of investment volumes and price, given the pressures placed on the key players during the year.

In the agency advertising market, before volume discounts, the market as a whole fell around 2.5% during 2010 – markedly less than the year before, which fell around 15% – and again affected the Press sector in particular, which saw a fall of approximately 9%, with dailies falling 15% and non-dailies falling around 6%.

Regarding the sectors where the Group is present, FTA Television has fallen around 3.5%, losing 1 pp of market share. In pay-TV, it has recovered from the 14% fall of 2009 and has grown around 19% during 2010, increasing its total proportion of the investment by 1 pp, putting its share at 6%. Radio has the same market share, despite the 2009 trend, and recorded a slight increase of 0.2%. Internet was again the fastest riser, increasing its investment volume by around 24% and its market share by 1 pp, now representing 5% of total investment.

The significantly lower fall in advertising investment overall in 2010 versus the previous year does not indicate that the falling trend will not continue in 2011, given the flat growth in the economic context that is forecast for next year and the fact that significant sporting and music events are not taking place which otherwise have a positive impact on investment in the various media, mainly through the larger advertisers.

The market shares for each medium suffered a slight change:



Source: GMC

MAIN FACTS IN 2010

- During the 2010 financial year, the Media Capital Group posted **total consolidated revenues of € 249 million**, a decrease of 7% versus the prior year.

- The **adjusted EBITDA reached € 52,3 milion** (4% higher than 2009).

- The Group had **total advertising revenues of € 149.6 million**, slightly improving on 2009. Estimates suggest that the advertising market, regarding agencies, shrank 2.5% in 2010.

- **TVI** continued to lead television audiences every month by a considerable margin, with average FTA shares of 34.2% for full-day and 39.2% for prime-time. The EBITDA margin for the TV segment improved from 27.9% to 28.5%.

- **TVI Internacional** premiered at the end of May. This new channel constitutes an additional step in the strategy to broaden TVI's geographical presence and exploit revenues other than advertising.
- The **Audiovisual Production** segment posted a 15% decrease in its operating revenues, which was not offset by the reduction in operating costs. The activity reached an EBITDA margin of 9% (13.5% in the 4th Quarter). "Meu Amor" drama, a Plural Portugal production, won an International Emmy award.

- In **Entertainment**, EBITDA adjusted for non-recurring items reached € -1.3 million, versus € -7.0 million in the previous year.

- In **Radio**, the advertising revenues rose 3%, as 2010 was the Group's best year ever in terms of radio audiences. The like-for-like EBITDA margin was 10% (21% in the quarter).

- In **Internet**, the IOL portal and the MCM site network received the best traffic ever during the fourth quarter of 2010, with TVI confirming its leadership position among the TV sites in Portugal.

- Operating income was hit by € -12.9 million of non-recurring items from (i) the reorganisation of the CLMC video activity; (ii) discontinuation of the RCP radio format; and (iii) goodwill impairments.

BRIEF OVERVIEW OF THE CONSOLIDATED RESULTS

Grupo Media Capital's consolidated financial statements include accounting adjustments for non-recurring items that have affectd the Group's performance. Key among them are the following:

- Costs (net of revenues) relating to the CLMC Video business, for the total of € 6.7 million;
- The cost of discontinuing the RCP radio format (€0.8 million); and
- A total of € 5.4 million for goodwill impairment (€ 3 million in the radio sector and € 2.4 million in the 'Other' sector, but relating to taking part in CLMC.

In 2010, Grupo Media Capital posted total consolidated operating revenues of € 249 million, which is a reduction of 7% versus 2009.

The Group's consolidated EBITDA, adjusted for the effects outlined above, improved 4% to € 52.3 million, with a margin of 21%. The 2009 numbers include the impact of the capital gain from the sale of 35% of Transjornal in 2009. Regarding the quarter, adjusted EBITDA emproved 23% to €23.2 million.

Operating results (EBIT), which include the impacts outlined above, fell 27% to € 27.3 million, while net income reached € 12.4 million (€ 17.6 million in 2009), with an improvement in financial results and a reduction in corporation tax, and the non-controlling interests item increasing € 0.1 million.

In total consolidated revenue performance, advertising revenues were stable, driven by Television, while in Radio performance was positive (2%) and in Other it rose 3%. For the quarter, the YoY variation was similarly level, with 0% change in television, +9% in Radio and -2% in Other.

As far as the advertising market is concerned, the available information exclusively for agencies (therefore excluding direct clients), and excluding rappel (volume rebates), points towards a 2.5% downturn for 2010, with Internet rising 24%, Radio staying level and the others falling, driven by Press (-9%, of which -15% in daily and -6% in non-daily). The YoY variation for the fourth quarter stayed at around -6%, with positive performances from Internet, Radio and Cinema.

The other revenues posted a negative performance of 16%, driven by Audiovisual Production and Other, despite the positive contribution from Television and Radio.

Regarding operating costs, and despite the impact from both TVI24 and TVI Internacional (which started broadcasting in February 2009 and at the end of May 2010 respectively), there was a 4% fall in 2010, despite the impact of the non-recurring items, as a result not only of the lower activity in the Audiovisual Production and Entertainment sectors, but also the efficiency gains that have been achieved in various business sectors and centrally.

In 2010, financial results improved from € -9.3 million to € -5.1 million, with a fall in interest borne and the smaller impact of the interest rate swap underwritten by the Group. Even so, this last item took € 1.1 million from the financial results during the year.

Net profit reached € 12.4 million, versus € 17.6 million in 2009. The effective tax rate reached 39% in 2010 due to the recognition of the goodwill impairment, without which the percentage would have fallen to 31%.

EXPECTED EVOLUTION IN ACTIVITY FOR 2011

The falls forecast in domestic demand do not offer an optimistic outlook for the advertising market in 2011. Therefore, it is likely that advertisers will reduce investment. Nevertheless, due to overall investment volumes reaching their lowest level since 2004 (apart from cable TV and internet), the falling trend is thought to be less marked than in previous periods.

Given this context, TVI will continue its strategy of recent years of protecting the most profitable time slots, while maintaining rigorous cost control both in programming and in structure. Non-advertising revenues continue to play a key part, with new developments in the pipeline, similar to the launch of TVI24 and TVI Internacional, always with the ultimate aim of being a leader in quality and profitability. 2011 will also see TVI’s entry into new platforms, such as the iPad and strategic investment into keeping TVI as a leading, iconic channel in the domestic market.

In terms of Audiovisual production, after it won international recognition with an Emmy for Plural Portugal’s production, “Meu Amor”, the Group faces inspiring challenges on various fronts. On the one hand, content production efficiency continues to improve. At the same time, it aims to develop current formats and innovate in new formats to allow the Group to keep a sustainable competitive advantage, and through this, to strengthen its status as one of the largest audiovisual production companies at Iberian level. The Group also aims to go further than leveraging concept and market synergies between Plural Spain and Plural Portugal, planning also to expand the business on a strictly profit-based approach. The expansion in distribution platforms and channel proliferation has led the Group to expect there will be demand for high-quality, differentiated content from the Group, not just in the geographical markets where it is present but also in others with cultural/linguistic affinities. It is also the Group's aim to strengthen the international roll-out of the audiovisual production business, through Plural Brazil and the productions currently under way in Angola. The Group will also stay focused on deepening the economic/financial analysis provided by the "Image City" project.

In Radio, after a year in which MCR's radio portfolio beat audience records (driven essentially by Rádio Comercial and m80) and saw a fairly positive commercial performance versus the rest of the market, the aims for 2011 are to consolidate existing formats, and continue its expansion in terms of geographical coverage and new formats. The investment made across all radio in new business opportunities and market solutions will be maintained, through strengthening the presence online and especially on the street, reaching out to the general public at the more notable events and music festivals in Portugal.

The CLMC (Cinema & Video) business is expected to continue to bring good news in 2011 regarding cinema's market growth, by increasing not only the number of films shown in 3D but also the number of cinemas compatible with this technology. With regard to direct sales and rental of films, as has been seen in recent periods, the market will continue to debate the proliferation of piracy (illegal downloads), the increase of cable TV penetration and the increased disintermediation of the business. On the other hand, after winning the format war, Blu-Ray should allow these negative aspects to be redressed up to a certain point, due to the increased quality it presents the consumer.

Given the prevalence of digitalised content and piracy, MC Entertainment's market is expected to fall in 2011 in terms of CD and DVD sales volumes. The emerging revenue streams, principally the fees from concerts, sponsorship and above all the associated rights, should however allow the impact of that trend to be mitigated. Regarding representation, no significant change is expected regarding the low demand seen during 2010. Similarly the production business is expected to stay flat, both in terms of volume and in events staged.

Regarding the internet, during 2010 various records were broken in terms of page views and unique users on the set of sites in the IOL and TVI network, which suggests good opportunities to transform these audiences into advertising revenues in 2011. For the internet, the increase in fixed and mobile broadband penetration and the growing demand for content, as well as the broader content offering represents an opportunity and a challenge for the business. In a medium in which innovation and creativity are key for customer loyalty, the Group has the commitment to deepen quality and attractiveness of the content provided, as well as the services and companies. To this end it will significantly review the Group's overall approach to analysing strategic positioning for the various media.

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 TV segment includes TVI and Publipartner, the Group's company operating in the areas of marketing and partnership management, which aims to develop revenues complementing advertising. For the most part its advertising spend is channelled through TVI and other Group properties. For this reason, the segment's advertising revenue is slightly lower than those of TVI taken on its own.

On 30 May 2010, TVI Internacional was launched.

BUSINESS PERFORMANCE IN 2010

In terms of financial performance, the Television segment's total operating income rose 1%. Advertising revenue was the same year-on-year and quarter-on-quarter. Media Capital estimates that the FTA advertising market will have improved around 4% versus 2009. TVI's performance, aside from the market effect, includes two key drivers: (i) the absence of revenues from the elections (unlike 2009) and (ii) the lack of FIFA World Cup 2010 broadcasts by TVI.

Other revenues in the Television segment rose 11% versus 2009, representing 15% of total operating revenues. In 2009, exceptional revenues were recorded for the provision of technical services, and in 2010, the Publipartner activity fell versus 2009. Even so, these changes were more than offset by the revenues arising from the added-value calls and transmission rights. Regarding the quarter-on-quarter comparison, the change was also driven by the strong performance of these last two items.

Operating costs remained at a similar level year-on-year. This performance was driven by the continued efficiency drive across all areas, as the costs for TVI24 were above those of 2009, as this channel only began broadcasting at the end of February 2009. In the case of TVI Internacional, as mentioned above, its contribution to revenues and costs took place only in 2010, from May.

Among the various items, the key cost control item was programming, specifically Portuguese drama and entertainment, falling 1% on a proforma basis (excluding TVI24 and TVI Internacional), despite additional costs arising from acquiring the rights to the Superliga. Finally, operating costs included € 0.9 million of exchange rate losses from the depreciation of the euro against the dollar.

It should be noted that a key component of the schedule costs – national drama – is from in-house Group productions (via Plural), which therefore retains added value from it.

The combination of the revenue and cost performance has helped the year's EBITDA for the segment, which grew 3%, with its margin improving 0.6pp from 27.9% to 28.5%.

2010 - LEADER FOR THE SIXTH CONSECUTIVE YEAR

TVI was the most watched TV channel in 2010, recording a 34.2% audience share. This was the sixth year in a row that the channel has lead in full-day audiences. The second position among the generalist channels achieved a share of 30.1%, and the third position achieved 29.1% for the same metric.

Continuing the results obtained since 2001, TVI was also the station of choice for Portuguese viewers in prime time, running from 8pm to 12am, recording a share of 39.2% in total individuals, which was 10.4 percentage points above that of the next player, which had a 28.8% share. The third position in prime-time achieved a 26.5% market share.

In the overall consumption distribution for FTA and codified channels (covering the entire TV market in Portugal), TVI maintains a clear advantage, with a share of 27.5% for full-day and 32.4% for prime-time. The themed channels distributed exclusively by cable or similar platforms achieved a share of 19.7% in 2010 for full-day and 17.3% for prime-time.

Observed TV consumption behaviour among large population groups suggests that during 2010, TVI was essentially a female channel, with 63.1% of its audience made up of this target, trending towards the middle class (53.3% of viewers) and individuals aged up to 54 (60.3% of the channel's audience comes from this target, with 24.6% of TVI's audience aged under 25). The Housewife target brings TVI 46.2% of its audience.

In 2010, TVI was watched every day by over 5.8 m individuals (average daily coverage from a population of 9.5 m) and in prime-time, TVI programming attracted a daily average of 4.3 m individuals.

TELEVISION CONSUMPTION

Over the full year, television consumption kept up its strong penetration, with some positive year-on-year variation. TV's average daily coverage was 7.4 m, representing 79% of the population. The complementary metric, average viewing time for individuals using television, reached four hours, 26 minutes for an average day (in prime time this value is two hours, eight minutes).

PROGRAMMING

During 2010, TVI continued to try to satisfy the tastes of Portuguese viewers through a programming strategy with over 12 hours of live broadcasting from Monday to Friday, based on broadcasting the best in Portuguese output, the latest most reliable news and international wide format programming.

Analysing the key genres on TVI's broadcast schedule, drama (national and international) makes up the majority, taking 38.9% of TV time, which in large part derives from original content developed in Portugal. In second place is Entertainment, taking up 22.8% of the schedule, followed by news programmes with 20.1%. Sports events took up 1.7% of programming broadcast time. Generally, TVI ensures that over 75% of its daily schedule is broadcast in Portuguese.

National Drama

Continuing its investment in Portuguese drama, the channel broadcast various drama programmes produced by Plural, a Grupo Média Capital company. Collectively the programmes achieved leading audience shares in their respective timeslots.

TVI's Portuguese drama output achieved an average audience share of 950,000 daily individuals and a total average audience of 1.9 million during 2010. The reference share for this category was 42.5% in total individuals and 44.8% among housewives.

This large investment by TVI in producing and broadcasting Portuguese drama was recognised internationally during 2010 with the award of the International Emmy to "Meu Amor", in the category of Best Telenovela.

"Meu Amor", by António Barreira and produced by Plural, began broadcasting in October 2009 and over one year exactly attracted an audience share of 46.7% and an average audience of 1.2 million viewers. In the Female target, this telenovela also recorded a leading share, with 50% of the available consumers in its timeslot (49.4% of housewives).

In March 2010, "Deixa que Te Leve" came to an end (after opening in 2009), which achieved an average audience share of 45.9% and 1,300,000 viewers during its broadcast. "Mar de Paixão" has replaced it and is still screening, recording over 1,000,000 daily viewers and a 44.8% audience share in 2010.

In June, the telenovela "Sentimentos" came to an end, which regularly led its timeslot with an audience share of 42.1% among total individuals (814,000 viewers per episode on average) and a share of 46.6% in the Female target.

At that time, TVI unveiled “Espírito Indomável” (still on air), which now leads the start of prime time, with a share of 43.7%, 1.2 million faithful daily viewers (47% of Female) and an audience profile that strongly spans across various social demographics.

For the eighth year in succession, and throughout 2010, TVI regularly broadcast the youth series “Morangos com Açúcar” to end weekday afternoons during 2009. In its target audience, 4- to 24-year-olds, the set of three series broadcast in 2010 (Series VII – “Vive o teu Talento”, “Verão” and Series VIII – “Agarra o teu Futuro”) achieved a 58.4% audience share, corresponding to approximately 330,000 individuals per day. It is now the longest-broadcast drama concept in Portuguese television.

Over this period, the channel innovated by introducing Portuguese-produced mini-series shown in three parts. At the end of January, “Destino Imortal” aired, which had an average audience of over a million individuals, and a share of 38.7%, which brought it a leadership position at the end of Sunday afternoons. Among the younger target audience, aged between four and 24, this mini-series won an audience share of 65.2%. In February, “37” started broadcasting, an urban female-led thriller: the set of three broadcasts achieved a leadership share in its timeslot of 41.5% from an average audience of 760,000 viewers. Finally for the genre, in April, “Dias Felizes” began airing, recording an average share of 40%.

News and Sport

In News, TVI kept three daily slots for news programming in 2010. From seven till ten in the morning, “Diário da Manhã” sets the news agenda for the day.”Jornal da Uma” goes out at 1pm, obtaining a 27.7% audience share over the whole week in 2010 (29.2% on weekdays). At 8pm, “Jornal Nacional” retained a key position in 2010, recording a regular average audience of 890,000 viewers and a 30.2% average share among total individuals from Monday to Friday. A key feature of this area is the return of Professor Marcelo Rebelo de Sousa, who brought a regular average audience of over 1,000,000 viewers in the 32 appearances he made since 31 May, with a leading share of 37.5%.

During 2010, TVI strengthened its offering in the field of investigative journalism, entitled “Repórter TVI”. In total, 43 of these programmes aired during the year, attracting an average audience of 1.1 million viewers and a 36.3% share. Of these reports, the highest audience, of 1.4 million viewers, was won by “Catástrofe Anunciada” on 8 February, with a share of 41.1%.

In sport, the channel was strongly active in broadcasting “Taça de Portugal Millennium” (the Millennium Portuguese Cup) games, the Portugal national team games and the Zon-Sagres League games.

TVI aired six Millennium Portuguese Cup games in the first half of the year, which achieved an average audience of about 900,000 individuals. Also in the first half of the year, the channel broadcast the various Portuguese friendly games before the 2010 World Cup, as well as the Under-21 team games. Closing the 2009/2010 season, on 7 August, TVI broadcast the “Cândido de Oliveira Super Cup”, winning a share of 60.8%.

From August, TVI regained exclusive FTA rights for the Zon-Sagres Portuguese Football League. 14 games were broadcast in total, with an audience share of 44.9% and 1.2 million viewers on average. Among the Male target, the average audience share was 53.9%.

Entertainment

In Entertainment, TVI kept up a stable offering structure from Monday to Friday, with one-off strengthening over holiday periods or for tributes to great Portuguese figures and investment into mass entertainment, especially in the final quarter of the year.

The daily talk show “Você na TV” (a new programme in its time slot) obtained an average audience share of 32.9% for its 253 broadcasts, recording a 34.9% share among its reference target, Female individuals. Another daily show, “As Tardes da Júlia”, went out during the afternoon, bringing 300,000 individuals together each day, representing a 34.2% audience share (36.8% among Female). Also during the afternoon, from September, the channel launched a new competition called “Agora é que Conta”, presented by Fátima Lopes, who accepted the invitation to come to TVI and took on new professional challenges. Together the 68 shows in 2010 achieved a 32.2% share of the Female target (this programme replaced “Quem Quer Ganha” which averaged 24.5% in the first nine months of the year).

2010 was marked by the return of the large reality show formats, with the launch of “Secret Story – A Casa dos Segredos”, broadcast in the last quarter of the year, winning 39.7% of the average share (49.8% for the “extras” issued at the end of the evening). The weekly Nominations day (Tuesdays), the weekend round-up and the Sunday Gala also brought leading shares of 40.9%, 47.5% and 40.9% respectively. The Final Gala, shown on 31 December, was the most watched New Years Eve programme since 2001, leading in all the social demographic segments, with 66% audience share (1.7 million individuals).

TVI partnered with MEO to launch an interactive channel, TVI Direct, broadcasting the events of the house live over 24 hours. Its audience results greatly exceeded expectations, allowing it to feature among the most viewed cable channels. The channel included an interactive application, offering access to additional content about the reality show and a multi-camera option, offering an innovative experience in this type of more interactive and dynamic TV format.

Over 14 broadcasts on Friday nights, the programme "Depois da Vida" achieved average audience shares of 51.3% per broadcast and 687,000 viewers (54.9% among Female).

Among the specials, the "Nicolau Breyner 50" Gala stands out with its average audience of 932,000 viewers, managing a leading share of 47.2% in total individuals. During the summer, TVI promoted some events directed at particular target segments, among them the stage show "Morangomania" (30.8% share), "Festa de Verão da TVI" (50.9% share and 572,000 individuals), "Festa da Praia" (46.6% share and 721,000 viewers), "Somos Portugal" Gala and the "Morangos com Açúcar – Vive o teu Talento" Concert. Continuing the tradition of the last few years, in 2010 TVI broadcast several bull fights, among them Corrida da TVI, with a share of 39.3% and Corrida de Homenagem ao Emigrante, with a 41.5% share.

Over the Christmas period, "Há Festa no Hospital D. Estefânia" screened, a special broadcast lasting around six hours that won a 44.5% share, as well as "Gala de Natal da TVI", a large party that brought together the channel's stars and won a leading share of 1.3 million viewers, which corresponded to 60% audience share.

International Drama

With a strong presence at the end of the evening and on weekend afternoons, TVI kept up its investment in international programming, principally on series and blockbuster cinema, winning significant audiences.

During February, TVI presented the annual Academy Awards ceremony, exclusively for the 12th year, winning a 35% share based on over 190,000 viewers.

Regarding drama from abroad, TVI in February launched the sixth season of "Dr House", which won an average share of 29.5%. During April, the US series, "Glee", was aired for the first time, which managed an average share of 30.3% over its 22 episodes, and achieved 47.5% share among its target audience of individuals aged four to 24.

Regarding cinema and for its total of around 450 films aired, the weekend afternoon programme won an average of around 490,000 viewers and an average share of 30.7%.

TVI24'S SECOND YEAR

Launched on 26 February 2009, and initially distributed exclusively on ZON TV Cabo (cable TV), **TVI24** broadened its potential viewership base from 1 September 2010 through inclusion in the basic package offered by MEO, and later joining channel packages offered by Vodafone Casa (29 September) and Cabovisão (1 December). Thus from the end of the year, TVI24 became available in most Portuguese households with pay-TV.

TVI24 is also available in Africa (Angola and Mozambique) from 29 March through the ZAP operator, thereafter broadening to other platforms. Around two years after the launch of this project, TVI24 has recorded a daily viewership of over 800,000 viewers and a share of 14% for the full day, from the universe of news channels produced in Portugal. TVI24's audience share rose to 16% during prime-time (8pm to midnight). Among cable channels, TVI24 achieved an average audience share of 0.9%.

During the year, the following were the key programmes in regular programming: National Junior Championship (55,000 viewers), "Prolongamento" (31,400 viewers on average), "Histórias de Natal" (29,300), "É Golo" (20,700), "Edição da Dez" (17,100), "Jornal de Domingo" (17,000), "Mais Futebol" (20,900), "H2: De Homem para Homem" (19,380) and "Edição das 7" (13,800).

LAUNCH OF TVI INTERNACIONAL

TVI launched its international channel on 30 May 2010. From that date, the best of TVI and TVI24 programming has been available in Angola and later Mozambique, through the ZAP platform.

TVI Internacional is a generalist channel, created to provide a Portuguese offering for drama, entertainment and information content, not forgetting the special programming customised for each market / country in their area of coverage. This new channel is a further step by the Group in its strategy to identify alternative revenue streams, leveraging existing skills and the vast back catalogue of quality proprietary content. News, telenovelas and Portuguese drama series, talk shows and children's and youth programming, TVI brands, and news services, reportage and other TVI24 news programming are constituent parts of the TVI Internacional schedule.

OTHER REVENUE STREAMS

Among Other Revenues obtained by the channel, revenue streams were generated by allowing TVI, TVI24 and TVI Internacional feeds on other TV distribution platforms, such as cable, IPTV 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.

In this area, the strengthened and optimised interactive initiatives won a good response from the public by strongly integrating the marketing strategy with programming. Among these initiatives were the renewal of all the hobby items of the first half of the year, the launch of a new TV call show in the afternoon and the launch of the reality TV show “Secret Story – Casa dos Segredos”, in the final part of the year.

As a result of teamwork between TVI, Media Capital Multimédia and its partners to renovate the TVI site network’s image, structure and content, 2010 was a year of consolidating the presence of the channel's main online brands and content, with ongoing development and updating, accompanying the main internet trends, including membership of social networks.

A key project in the area of new technologies and interactivity is “Secret Story - Casa dos Segredos”. It is an innovative format in Portuguese television, claiming a clear place in the agendas of Portuguese web users from October until the end of the year, winning over 200,000,000 page-views, 20,000,000 visits and 2,000,000 unique visitors over three months.

2010 was the year in which it moved from its historical 3rd place, to sustained leadership in the 2nd half of the year. It started out as the most visited TV channel site in May, according to Marktest’s Netscope ranking, and since July has led every month, reaching a maximum between October and December, obtaining record results as the 2nd site in the Portuguese ranking in terms of page-views and 4th in visits. Among TV sites, TVI won a share of 64% of visits.

Once it had proved itself as an important marketing tool for the TVI brand portfolio, in 2010 it was strengthened through licensing, with the development of important initiatives such as those from the “Morangos com Açúcar” brand cluster and the launch of pioneering projects in Portuguese drama. In terms of the “Morangos com Açúcar” brand, the joint initiative between TVI and Plural of the musical, “MCA – Ao Vivo nos Coliseus”, proved a huge success, selling out eight shows in the Lisbon and Porto Coliseums, where younger audiences saw live performances from the characters from the Talent School. Also in the musical area, three “Escola de Talento”s projects and a soundtrack were launched, which became market leaders and best-sellers in Portugal.

TECHNOLOGY AND INNOVATION

Technology performs an increasingly important role in the value chain of modern media groups and its fast-paced and continual evolution creates ongoing challenges for all professionals in the sector. For creatives, the challenge is the ability to innovate and surprise audiences. For technology departments, the challenge is the ability to transform ideas into palpable reality, allowing users to choose the content they want, where and when they want.

Aware of this, TVI invested in evolving its systems in 2010, to turn them more into integrated solutions for planning, production and broadcasting of multi-platform content. For example, a new multi-channel automation and broadcast system was acquired and implemented, capable of managing and utilising centralised digital content management resources and which, as well as allowing process optimisation, gives added scope for responding to new channel and platform implementation and management challenges.

Investments were also made into HD (high definition) equipment, in step with the sector's evolution, both in terms of platform and support and in content production.

In parallel, important steps were made in reducing internal use and movement of content on traditional physical support, by investing in centralised video and audio server solutions, using state-of-the-art blades, as well as in a reception, digitalisation, management and archiving area which is intended to facilitate all internal content search, access, use and production processes. The wireless systems were also updated and their security measures were reinforced.

Regarding Digital Terrestrial Television, TVI took an active role in the various work groups created to manage its implementation in Portugal, contributing ideas and running concept testing, to bring added value to the end consumer.

Regarding new access platforms for open data networks (fixed or mobile broadband), the skills needed were acquired internally for building business models suited to the potential shown by leading technologies.

In 2010, the channel continued its renewal of IT equipment and the updating of the main software, keeping TVI at the vanguard in terms of IT solutions, aiming to respond to and to anticipate current and future challenges.

A powerful reporting tool was also implemented in this area, which is fundamental to operational control of several of the station's channels and timely decision-making by management.

INDUSTRY PROJECTS

During 2010, Grupo Média Capital, mainly through TVI, took part in defining governmental and regulatory policies and measures affecting its industry, specifically by taking public positions and responding to public consultations, launched by regulatory entities, the Government itself or the European Commission.

In some of them, Grupo Média Capital, mainly through TVI, made its contribution to the Confederação Portuguesa de Meios de Comunicação Social (Portuguese Social Media Confederation) and the Association Commercial Television in Europe (ACT), associations of which TVI is a member, which are regularly consulted prior to the adoption of any standards or public communications, and which represent, respectively, the interests of the media industry in Portugal and the European commercial TV companies. ACT comprises 30 TV channels which are active in 34 European states and TVI is present in the main Work Groups, organised into the following areas:

a) Intellectual Property;
b) State aid/Competition;
c) Advertising/Directive on Social Audiovisual Communication Services;
d) Digital/Television Distribution Platforms;
e) Institutional Communication.

In March, TVI made its contribution to the position ACT took in defining priorities in the European Information Society's new strategy (2010-2015), later reflected in the so-called Digital Agenda on 19 May 2010. In the same field, TVI worked with ACT to draft a substantiated reflection document on the cross-border distribution system for audiovisual services in the digital era.

In June, TVI contributed, through ACT, to a greater balance in the report from the European Parliament Committee for Culture and Education on public service broadcasting, denouncing the lack of transparency and the incorrect notion of sub-financing.

In September, TVI took part in the Commission's Public Consultation on the so-called Services of General Economic Interest's regulatory framework, directly and also through ACT. At the same time, TVI also took part in the ACT's response to the European Commission's reflection document on creative content in the European Single Market and also in the ACT's shared position on collective copyright management, a topic that TVI has been following with considerable interest, releasing a substantiated memorandum.

In Portugal, the channel took a very active role, directly and through the CPMCS, in the final wording of the new On Demand Television and Audiovisual Services legislation, with contributions sent in January, July, August and December. The decree should be approved and published at the start of 2011, given that the transposition of Directive 2007/65/EC of the European Parliament and Council of 11 December should have occurred by 19 December 2009.

In March, TVI responded to the consultation from those interested in the ICP-ANACOM decision plan regarding the revocation of usage rights for frequencies associated with B to F Multiplexers, attacking the elimination of a distribution platform, but highlighting the option of reformulating the initial tender's data to allow, before switching off the analogue signal, the generalist programming services to be broadcast in high definition, in so-called MUX A, as a way to encourage rapid mass take-up of free DTT.

In April, TVI took part with other generalist TV operators through CPMCS in the public consultation initiated by the ERC, on Electronic Programming Guides (EPGs).

In May and August, TVI took part through CPMCS in the public consultation initiated by ICP-ANACOM on, respectively, the detailed plan for switching off analogue broadcasts, and the probable decision direction on transponder specification and switch-off dates for terrestrial analogue broadcasts in the pilot phase, as part of that same plan.

In October, Grupo Média Capital sent its comments on the proposed new law for Cinema and Audiovisuals published on ICAM's site to the Minister for Culture, emphasising above all its complete departure from the reality of the Portuguese audiovisual market, in economic terms, although recognising some merit in it, such as the broadening of the tax base and the allowing of paying parties to define the projects that deserve the financial support mentioned and to manage them.

In November 2010, Grupo Média Capital formally signed up to MAPINET, an anti-piracy movement on the internet, which stands up for the recognition and protection of copyright and the like in the digital sphere, with a view to providing security in the market and establishing new sustainable business areas and models based on the Information Society.

Also in November, Grupo Média Capital responded to the public consultation on provision of the 790-862 MHz sub-band for electronic communication services, and also to the role of the Social Media Office (SMO) on the possible reintroduction of a *de minimis* rule for operators obliged to report fulfilment of minimum broadcast quotas of European or independent output.

In December, the three generalist television operators signed the Joint Declaration on Significant Value, as part of the Self-Regulation Accord on 'Product Placement' and 'Production Assistance and/or Prizes' signed on 6 February 2009, with CPMCS and ICAP - Instituto Civil para a Auto-disciplina das Comunicações Comerciais. It should be noted furthermore that the various Self-Regulation Accords signed on the subject of commercial practice have come to be observed and monitored through annual meetings attended by the Commercial Directors and legal consultants of the three generalist operators, as well as other staff in the commercial area, with widely praised harmonisation of know-how and practices between all parties concerned, in order not to misrepresent free competition and to show that the market itself works.

During 2010, TVI was the channel that went the furthest in meeting its obligations arising from the Public Service Protocol signed by the three generalist channels in September 2003.

Audiovisual Production

INTRODUCTION

The year 2010 saw international recognition for Plural Entertainment's work in the area of drama, when it won the International Emmy in the "Telenovela" category for the production "Meu Amor". Written by António Barreira and produced by Plural Portugal, "Meu Amor" attracted average daily audiences of 1.2 million, and aired for a year on TVI.

Plural Entertainment is currently one of the three largest players in Iberia and features among the top five drama producers in the Portuguese and Spanish languages in the world. This performance is greatly helped by the complementary nature of the markets between Plural Entertainment Portugal and Plural Entertainment España in terms of geography and language, and the complementary genre structure, with Plural Ent. Portugal known for its strength in Drama and Plural Ent. España endlessly excelling in the Entertainment genre. Similarly, Plural also has a key strength in its ability to produce for multiple distribution channels.

Aside from its activity in Portugal and Spain, Plural Entertainment has facilities in the USA (Miami), Argentina (Buenos Aires) and Brazil (São Paulo).

ACTIVITY EVOLUTION IN 2010

The audiovisual production sector achieved total operating revenues of € 91.7 million.

Regarding activity in Spain, operating revenues here fell, chiefly in terms of production for generalist TV operators, with the exception of Telecinco. This situation was not offset by the greater activity regarding (i) management of autonomic channels; (ii) international sales; and (iii) cinema rights sales.

As for the operation in Portugal, operating revenues also fell, due in large part to lower TV production revenues.

As a consequence of the overall downturn in activity, and despite the cost reduction, EBITDA ended up negatively affected, dropping to € 8.4 million (margin of 9% vs. 11% in 2009).

PLURAL ENTERTAINMENT PORTUGAL

Plural Portugal kept its place as a leader in audiovisual production in Portugal, especially for drama. Maintaining the success it has enjoyed for several years in producing genuinely Portuguese dramas and series with original storylines from Portuguese writers, out of house programmes and others by Casa da Criação, and increasingly investing in strengthening the technical and artistic quality of its productions, and in innovation, Plural Portugal saw its productions continue to lead in terms of audience shares among the different programmes aired in Portugal during 2010.

Plural Portugal followed a strict policy of rationalising human and technical resources, responding to the demands of an increasingly competitive market. On a content level, the anticipation of trends and product diversification were determinant for the acception of Plural's productions on the market. The company produced 990 ficcion episodes, corresponding to over 840 of recording hours. The combined work with TVI was fundamental to guarantee the success of the productions (v. audiences of national ficcion in TVI).

Another key development relates to content, Plural's investment in promoting regional groups and culture, recording series and dramas in different parts of the country, as well as in the formative and educational aspect of its productions, tackling modern and socially topical themes.

Currently, all Plural Portugal's productions, apart from “Morangos com Açúcar”, are made in HD, which reflects the company's strategic investment into the excellence of its productions and which, as well as the factors already mentioned, is the result of strong investments into high definition digital technology and personnel training.

Accompanying these investments, along with the Project “Cidade da Imagem” (which aims to bring all Plural Portugal's production infrastructure and support areas and a new outdoor set area into one place, leading to significant efficiency gains) – which is waiting for formal approval from the authorities – it was decided in 2010 to progress the centralisation of studios that were previously spread out.

This project is currently under way in Quinta dos Melos in the borough of Loures, bringing greater profitability and cost reductions to the sets and offering the company more spacious studios with better infrastructure to accommodate Plural's productions.

In 2010, Plural Portugal kept four permanent and simultaneous drama schedules in production, following the end this year of the series “Ele é Ela” and the dramas “Deixa que Te Leve”, “Sentimentos”, “Meu Amor”, Series 7 of “Morangos com Açúcar” and the launch of dramas “Sedução”, “Mar de Paixão”, “Espírito Indomável” and Series 8 of “Morangos com Açúcar”, all appearing on the leading channel, TVI.

Productions ending 2010	Episodes	*Rating %*	*Share%*
37	3	8.2	33.7
Deixa que te leve	77	15	43.2
Destino Imortal	3	11.1	32.5
Dias Felizes	5	8.5	31.2
Ele é Ela	19	8	33.9
Meu Amor	262	12.8	39
Morangos com Açúcar VII	118	9.5	33.1
Morangos com Açúcar VII - Verão	71	7.6	32.2
Sentimentos	146	7	31.8

Productions premiered in 2010	Episodes	*Rating %*	*Share%*
Espirito Indomável	186	13.1	36.9
Mar de Paixão	251	11.5	36.5
Morangos com Açúcar VIII	80	8.3	26.5
Sedução	47	9.6	31.4

Source: Marktest / Mediamonitor

The three mini-series produced for TVI – "37", "Destino Imortal" and "Dias Felizes" – are new examples of successful investments in diversification within drama, achieving shares always above 30% in all episodes.

NEW INTERNATIONAL PROJECTS

2010 saw Plural's entry into new Portuguese-language markets – Brazil and Angola – whose importance and size are strategic to the company's international growth and ambition.

Founded in the second half of 2010, Plural Brasil is currently establishing partnerships and studying the best projects for launching its local activity.

In Angola, since the second half of 2010 there have been three programmes in production for TV Zimbo: about cars ("Sobre Rodas"), society ("Chocolate") and entertainment ("Tuneza").

PLURAL ENTERTAINMENT SPAIN

Founded within the Prisa Group around a decade ago, Plural Entertainment España is currently one of the most important audiovisual producers in the Spanish market, including in its client roster the most important private TV chains in the country (Cuatro, Antena 3 and Telecinco) and the independent channels (Aragón, Asturias, Canarias and Castilla-La Mancha).

Plural Entertainment España produces 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 2010, 3092 hours of programming were produced, including the following key programmes:

- "Hay alguien ahí": Drama series about the supernatural. The second season was broadcasted on Cuatro in the first quarter of 2010.
- "Ángel o Demonio": Drama series created by the same team that created "Hay alguien ahí". The first season will be broadcasted on Telecinco.
- "La Isla de los Nominados": Humor series, about a group of participants in a reality show abandoned in a desert island. Broadcasted daily on Cuatro during Summer season.
- "Cuarto Milenio": Currently this programme, which specialises on the world of mystery and the unknown, is in its sixth season, going out on Cuatro. It has consistently achieved good audience figures, above average for the channel.
- "Las mañanas de Cuatro": Daily morning news in a magazine format, in its sixth season on Cuatro.
- "Hermano Mayor": Coaching for troubled youths, adapted from the French format "Grand frère". It aired weekly on Cuatro with an average audience above the channel average.
- "El Acampamento": Coaching for youths based on the "Brat Camp" format and broadcasted on Cuatro with an average audience of 7.8%.
- "Operación Momotombo": Coaching for youths based on the "The Missionaries" format and broadcasted on Antena 3 with an average audience of 10.1%.
- "Más allá de la Vida": Special programmes with medium Anne Germain, broadcasted on Telecinco with an average audience of 15.9%.

- "Universo Lomana. Especial Navidad": Docureality presented by fashion specialist Carmen Lomana and broadcasted on Telecinco.
- "Lo que diga la Rubia". Daily magazine broadcasted on Cuatro on the first quarter of 2010.
- "Vaya Tropa": Weekly comedy co-produced with Pausoka. It was broadcasted on Cuatro on the first quarter of 2010.
- "Premios Ondas" Gala: Annual awards ceremony for the historic "Ondas de Radio y Televisión".
- "Premios As del deporte" Gala: Annual gathering of the most important sportspeople of the year.
- Agreement with V-me: Various production services supplied by Plural Miami to the US cable TV chain aimed at the Latin-American audience. Includes programmes such as "Mi Mascota", "Tu Bebé", "En Pantalla" and "Sexto round".

INTERNATIONAL DISTRIBUTION

Plural's International Distribution Department sells its products and those of other European and American producers. Its operation also manages a network for content capture and has production agreements in Europe, Asia and Latin America. Besides this, this area also looks after sourcing successful foreign formats.

Currently, Plural distributes a varied catalogue, with documentaries, drama and entertainment, from:

- In-house productions (from Plural España or Plural Portugal): The Emmy winner "Meu Amor", series such as "Hay Alguien Ahí" or the youth programme "Morangos com Açúcar", the period drama "Equador", "Destino Imortal" or the mini-film series "Casos da vida", all in original language versions or dubbed in Spanish. Regarding documentaries, content exported includes the documentary series "Sex Mundi", on sexual habits in countries around the world.
- Prisa Group company productions from: TVI, Cuatro, Viajar channel, Caça e Pesca channel.
- Third party productions: Avatar, Huckleberry Films, Filmanova, Pausoka (Vaya Semanita), Zanskar (Desafio Extremo).

The company is present in the main international trade events, such as MIPTV, NATPE, LA Screenings, DISCOP, Sunny Side, World Screen Praga, MIPCOM and also travels abroad on ICEX's commercial missions.

International sales of the broad Plural Portugal drama catalogue led to the establishment of export agreements for this content to countries and regions as diverse as Ecuador, Russia, Bulgaria, Romania, Georgia and Africa. Besides this, the V-me platform will broadcast several of these series. V-me (17% owned by Prisa Group) is the fourth US TV chain aimed at the Hispanic market, with an offering including entertainment, news, music, sport and cinema. It reaches around 80% of Hispanic homes in the US.

REGIONAL CHANNEL MANAGEMENT

In Aragon, through Chip Audiovisual, 50% owned, Plural has managed independent TV content since 2004, producing everything from magazine programmes to public service, travel, culture or special events broadcasts.

In the Canary Islands, Productora Canaria de Programas (owned 40%) broadcast the Televisão Autonómica das Canárias international signal.

CINEMA

Tesela, the cinema producer 100% owned by Plural alienated the exploitation rights of its movie catalogue to Video Mercury, a company specialised on film distribution in Spain.

Plural, through Plural-Jempsa, began pre-production in 2009 of a feature-length 3D animation with is scheduled to open in 2012.

Music and Entertainment

INTRODUCTION

Media Capital Music and Entertainment (MCME) is the Media Capital Group sub-holding for the music business. MCME business areas include recording (on physical and digital supports), artist booking, concert production, publishing and artist management.

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

Artist booking is performed by MC Entertainment, under the trademark Spot.

ACTIVITY EVOLUTION IN 2010

Despite the continuing fall in the physical market, recorded music continues to be the main source of revenues for this Grupo Média Capital business unit. Artist representation is currently the second largest revenue stream. These are followed, in order of contribution, by the revenues from publishing, concert production and stage-show production.

In terms of financial performance, the key business was record production whose fall in revenues was lower than that of the market in 2010 (around 8%) as a result of a recovery of market share (which will have increased from 17% to around 19%). The fall in revenues from this business area is due in the main to the artist representation area. In terms of profitability, this business área hás steadied itself.

2010 was a particularly difficult year for the music industry. Aside from the economic crisis and the structural fall in the physical market (CD and DVD sales), estimated at around 14%, the stage show sales market was severely affected by budget restrictions and cuts which greatly reduced the range of events in the Portuguese market. Sales of digital content (essentially full track downloads and ringtones) again were unable to offset these losses, with an estimated stagnation or even marginal decrease.

The digital market will thus have gained some weight in the national recorded music market, now estimated at 7% of total business volume for music publishers. The cause of the structural crisis in the market continues to be illegal file-sharing and downloads as well as the sale of illegal copies of physical support. As well as affecting legal sales, this phenomenon has put strong downward pressure on prices in the market generally. In parallel, digital piracy continues to restrict the development of a digital market.

LEADER AND DIVERSIFIED PROJECTS

Regarding Farol's new launches in 2010, key among them is the launch of Tony Carreira's new album, the best-selling album of Christmas and 2010, going triple platinum (each platinum corresponds to 20,000 units). Another highlight were the three "Escola de Talentos" albums from the "Morangos com Açúcar" series on TVI. Together these albums sold over 85,000 copies, and the first volume took second place on the best-selling album chart for 2010.

Key projects by Portuguese artists included the "*Best of*" by the artist Beto, who passed away during 2010, which achieved platinum sales, and the albums of Rita Guerra ("Luar") and Mickael Carreira ("Ao Vivo no Coliseu"), which both went gold (sales over 10,000 units). In terms of compilations, the three best-sellers were "Campeões Nacionais 09/10" (Benfica anthems), "Ministry of Sound - Annual 2010" (music and dance), and "O Melhor dos Anos 60".

In the Warner catalogue, 2010 was marked by the albums published at the end of 2009 by the artists Michael Bublé ("Crazy Love") and Muse ("The Resistance"), which, thanks to the marketing effort and ongoing promotions, were the 3rd and 4th best-selling albums by international artists, respectively. Key new launches included the new albums from Madonna ("Sticky and Sweet"), Linkin Park ("A Thousand Suns"), and Seal ("Commitment"). Another important achievement was the drive to renew the catalogue, with a raft of new artists achieving great radio success. Examples include the singles from Flo Rida ("Club Can't Handle Me"), Bruno Mars ("Just the Way You Are"), B.O.B ("Nothing on You" and "Airplanes"), and Paramore ("The Only Exception").

2010 proved to be quite a difficult year in terms of representation. Sales from Portuguese artists' stage shows, mainly comprising outdoor events held by local councils, were strongly affected by budget restrictions and cuts. Among the various artists represented, the highlights in 2010 were the tours by D'ZRT, Rua da Saudade and Muxima. Also in the representation business, the partnership with Agência Reunião came to an end.

In terms of stage-show production, 2010 was marked by the production of the "Rua da Saudade" concerts in the Lisbon and Porto Coliseums, and by the "Caderneta de Cromos – Ao Vivo" shows in the same venues. Both projects arose from group synergies, the first with Farol and the second with Media Capital Rádios.

Cinema and Video

INTRODUCTION

CLMC Multimédia includes all activities related to film distribution to movie theatres and distribution and sales of films and television programmes on video and DVD. This business unit results from a partnership established between Filmes Castello Lopes and the Media Capital Group in 2002; the Group currently controls 100% of the company. Besides the Independent movies catalogue, CLMC is the exclusive distributor of the 20th Century Fox both Cinema and Home Video catalogues for the Portuguese market.

ACTIVITY EVOLUTION IN 2010

In Cinema, the market saw growth of around 5.4% in spectator numbers, and 11.3% in ticket revenues. This was due to an increase in the average ticket price, largely driven by the increasingly frequent premiers of 3D films, whose ticket price is higher than normal.

CLMC achieved 13.3% market share in value (16.4% in 2009) and 13.1% in spectator numbers (15.3% in 2009). This fall in share stemmed essentially from the lower number of films premiering and weaker releases than the previous year, both among the 20th Century Fox catalogue and among the Independents. However, the releases screened performed well, especially those from 20th Century Fox, led by the super-production “Avatar” which had a fantastic effect in 2010 despite launching in 2009, and was the most seen film in Portuguese cinemas in 2010 with 800,000 viewers. Other key films included “Unstoppable”, “Night and Day”, “Wall Street 2”, “The Chronicles of Narnia” and “Vampires Suck”, from 20th Century Fox and distributed by CLMC. Among the independent films launched this year by CLMC, are “Dear John”, “The Concert” and “The Kids are All Right”, winner of the Golden Globe for Best Actress, Annette Bening.

In Video, for the third year in a row the sell-out market saw a fall in revenues, falling 20% in value in 2010 (-10% in 2009), accompanied by a fall in units of 18%, and the market’s average unit price decreasing by 3%. This falling trend is the clear result of the action of technology, which is opening up new distribution channels and access routes that increasingly bring audiovisual content closer to the mood of the consumer (*video on demand*), as well as increasing *downloads* and sales of illegal copies in this area.

CLMC cemented its position as the number two player in the video distribution market, after the major, 20th Century Fox, reacquired its place as the main studio in the Portuguese market (with a market share of 14.1% in value), also showing growth in absolute value, despite the extremely challenging market context. On the other hand Independent content held its market share in value terms.

CLMC was also responsible for the distribution of the best-selling film ("Avatar") and TV series ("Equador") of the year, as well as two other products in the overall top 20. "Avatar" was also the film that generated the most revenue of the last three years in Portugal.

In the video market, the weight of CLMC's invoicing from new distribution channels and points of sale is increasing (e.g. petrol companies stores, bookshops, hard discounts, B2B) as well as the banking channel. However, there is no reliable market data on these channels and their performance.

Also, the physical rental channel is near extinction after the constant fall in sales and reduction in customer numbers, leading CLMC to choose an outsourcing solution for sales in this channel.

While the market was unfavorable, CLMC held an internal reorganisation, to rationalise the business and prepare itself for future challenges. The future aims involves searching for reductions in operating costs, optimising revenues and the ongoing search for added value for the business.

Radio

INTRODUCTION

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

At the beginning of July, the Group decided to discontinue RCP broadcasts, due to its poor economic fundamentals, justified by very low revenues (low audiences) when compared with the heavy operating cost structure.

We highlight that this is an isolated decision, in the sense that MCR will keep on betting in the development of the other formats within its portfolio, which have registered a favourable evolution, audiences and operational wise.

Towards the end of the year, the Group was taking the final preparations to launch Vodafone FM, making use of the previous old Romântica FM broadcast network.

ACTIVITY EVOLUTION IN 2010

Despite the roughly 2.5% year-on-year decline that the advertising market is estimated to have taken in the agency sales channel, the radio segment saw slight growth of 0.2%, maintaining however the 6% share of these investments.

Overall in terms of MCR's advertising revenue (which also includes direct clients), these rose 3% year-on-year.

Even so, the fact that the radio market share in Portugal is is lower than that of many of the other key countries in terms of total advertising investment (e.g. USA 11%, Spain 9%), suggests that there is growth potential to explore.

As a result of the rationalisation drive launched several quarters ago (particularly felt by the reduction in headcount at MCR under way since the final part of the 2008 financial year) operating costs for this segment fell 5% in 2010 when non-recurring items are excluded.

This cost structure rationalisation aims not only to align costs with the segment's and market's current performance, but also to position MCR so that it can stay competitive for the radio business's future development.

Given the above, adjusted EBITDA for the segment improved from € 0.3 million in 2009 to € 1.3 million in 2010, with the margin reaching 9.7%.

RECORD AUDIENCE GROWTH AND NUMBERS

In 2010, Grupo Media Capital's set of radio stations recorded an audience share of 26.6%, corresponding to a like-for-like increase of 15%. The excellent showing in 2010 was due to the key commercial formats: Rádio Comercial, m80 and Cidade FM. After the first and second quarters of this year were the best for Rádio Comercial since 2006, the fourth quarter of the year was the best since 2000, shortening the gap to the market leader to the lowest value since 2001. Regarding m80, this format continued its notable performance, reaching a share of 6.8%, which compares to 3.0% the previous year.

In terms of audience reach (AAV), a more interesting metric as it reflects radio consumption, the data was equally encouraging, with MCR going from 16.4% in 2009 to 17.9% in 2010, which is the highest ever, representing around 1.5 million listeners a day. This growth contrasts with radio consumption as a whole, which fell 1.1% in 2010. Maintaining an audience reach growth trend during 2010 (a trend that has continued since 2007), Rádio Comercial stands out in this indicator, ending the year with 9.1% and consolidating itself as the second radio station nationally. m80 also stands out, achieving audience record levels, with an average audience reach of 3.9% in 2010, which compares to 2.0% the previous year.

DIVERSIFIED AND INNOVATIVE PORTFOLIO

Maintaining its Adult Contemporary Music format, Rádio Comercial has strengthened its positioning and captures new listeners. The radio station for the "Best Music of Today and the Last 10 Years", sustained its investment in morning programming with "Caderneta de Cromos" which, moving beyond its *on air* confines, has become a success in terms of book sales (published by Editora Objectiva, of Prisa Group), on the internet and has attracted thousands of people to the Coliseums of Lisbon and Oporto, for a show that featured the participation of the Programa da Manhã presenters.

Rádio Comercial's presence at key musical events throughout 2010 was also constant fixture, which linked the brand to well-known festivals, like Optimus Alive, Sudoeste, Marés Vivas and concerts of famous international artists like Michael Buble, Metallica, Alicia Keys, Black Eyed Peas and 30 Seconds to Mars. Continuing its strategy of proximity to the listener and a strong investment in promoting Portuguese artists, as well as promoting countless concerts and tours throughout the year, Rádio Comercial organized several "Smallest Concerts in the World" in various parts of the country, featuring recognized Portuguese artists such as Pedro Abrunhosa, Rita Red Shoes, Ricardo Bettencourt, Ricardo Azevedo or SEDA.

During 2010, Cidade FM continued to confirm itself as the benchmark station for the younger target audience with a single musical positioning of Current Hits. The station increased its audience reach and share versus 2009, now standing at 4.6% and 5.6%, respectively.

Cidade FM also invested strongly in on place events, both by promoting and organising events for its target audience around the country.

M80, which focuses on the hits of the '70s, '80s and '90s, has continued the growth trend seen since its launch, with three quarters in a row above 4% audience reach, making it the MCR group's second largest radio station and the fourth nationwide. The station not only benefited from gaining the reallocated RCP antennae but also the growing acceptance of the format by the target audience. M80's strong investment in proximity to its listener has resulted not only in sponsorship for key concerts among its target audience, such as Michael Bolton, Alphaville, John Waite, Carlos Santana or God Save the Queen (tribute to Queen), but also in the organisation of thematic parties (dedicated the best music of the '70s, '80s and '90s) nationwide.

With its unique and quirky positioning - in romantic music in Portuguese and the best of Rock - and aimed at market niches, Romântica FM and Best Rock achieved audience reach of 0.5% and 0.6%, respectively, with an equal annual value share of 0.7%.

In November, MCR launched Star Fm, a music format focusing on the hits of the '50s, '60s and '70s, which broadens the range of the Group's radio station portfolio, reaching segments less addressed by the available offering.

Regarding the radio stations' presence on the internet, the MCR brand performance improved in 2010 by over 125% in terms of page views versus 2009, with the number of unique users staying above 2.5 million (26,030,180 and 2,515,451 respective monthly averages). Cotonete, the leading site for online music with over 300 themed radio stations and over 40,000 personal radio stations, grew its number of page views, recording a monthly average of 6,255,232. The average monthly number of unique users was 1,270,652, which despite new players entering the market, reflects the loyalty of its regular users.

As well as the good results in terms of audiences and response for the advertisers, the work undertaken by the MCR team was recognised by the market, which distinguished its CEO, Luís Cabral, with the “Media Personality” prize and Rádio Comercial with the “Radio Station of 2010” prize. These awards are presented following a vote among readers of “Meios e Publicidade” magazine, a key publication in the media sector.

Internet

INTRODUCTION

In 2009, the internet area reorganised its internal structure, following best practice within its sector and aiming thereby to present itself to the market with a single brand and strategy – Media Capital Multimédia - MCM.

ACTIVITY EVOLUTION IN 2010

2010 was marked by a restructuring of companies within the group and of products and services within the portfolio, which has allowed the company, in a particularly difficult year due to the economic crisis, to improve its contribution to the Group's results.

Internet sector performance in 2010 saw continued increases in internet penetration, mainly as a result of the growth in internet access via mobile broadband, but also saw continued overall growth of the internet segment in the Portuguese advertising market.

The activity of MCM and its associates may be analysed in two distinct areas:

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

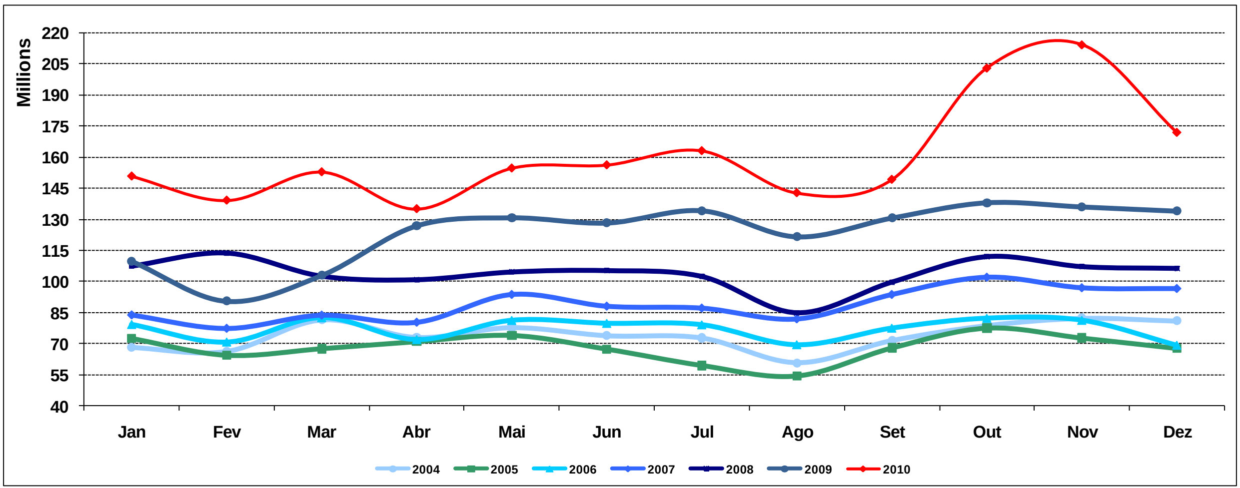
2. Entrepreneurial services, principally through the company IOL Negócios, which leveraged the IOL network's high traffic and promoted the presence on the internet of over 2,200 companies at the end of 2010, offering services in the areas of online classifieds, the company directory and website production.

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

Digital Media Activity

In 2010, multinational competitors increased their presence in the Portuguese market and Social Networking grew substantially. Despite this intensification in the competitive environment, MCM 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.

These projects and the team's dynamism allowed the MCM site network to grow its traffic substantially versus 2009, over 19%, going from an average of 123 m monthly page views in 2009 to over 161 m in 2010, with the last quarter averaging over 196 m monthly page views.



Source: Anacom

In October 2010, MCM launched the 'Secret Story' site as a result of its partnership with TVI, which quickly became a success, with average monthly audiences of 77 million page-views. This helped the TVI properties close the year with collective growth of over 300% versus 2009, becoming leaders in their segment in Portugal.

Another highlight was the good performance of the editorial site Maisfutebol, which achieved successive *unique user and page-view records* during 2010 and which finished the year increasing its audience over 50% versus the end of 2009.

In online advertising, 2010 was a year of fast-paced innovation and creativity in developing new formats, helping MCM achieve high awareness in this field, both among advertisers and media agencies.

Corporate services Activity

In 2010, this operation slowed in terms of clients, establishing its client base at around 2,200 (roughly equal to that of the year before). This was largely due to the strong impact of the economic crisis on small and medium-sized companies, the main clients for these services, particularly in the car classifieds area.

Projects launched in 2010

During 2010, MCM launched various initiatives, including the following highlights:

February	Start of new season of "MySpace Optimus Secret Shows"
May	Publication of Maisfutebol's "Onda Benfica – época 2009/2010", by Objectiva (a Prisa Group company)
June	Coverage of the South Africa Football World Cup
July	"Miss Maxmen" online contest
September	New version of "Morangos com Açúcar" site
October	Launch of e-commerce project www.euqueroumdestes.com
October	New "Secret Story" site
October	Launch of "MySpace OK Teleseguros Tour"
November	MCM journalists launch their Twitter accounts
December	Launch of mobile project

2010 was also a year of technical infrastructure consolidation and optimisation, which had a significant impact both on performance and on costs.

Launch of e-commerce project Euqueroumdestes.com

Resulting from an exclusive partnership with the Spanish group, Ron 2005 SL, www.euqueroumdestes.com was MCM's new *e-commerce* project in 2010.

The site, adapted from the English IWantOneOfThose.com, explores the "Original Products" concept, with a differentiated and innovative range of presents and gadgets, aimed at a very broad but demanding target.

From its launch in October, the site has registered on average over 70% growth in new visits each month, now attracting 1.2 million page-views a month.

Social Responsibility

PRINCIPLES AND VALUES

In 2010, Grupo Media Capital kept its strong commitment in supporting projects towards the sustained development of the community it integrates.

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

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

SOCIAL PROJECTS

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

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

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

Solidarity and Social Projects

During 2010, previous years' initiatives were maintained and new ad formats and campaigns were developed to achieve the goals set for each project, generally involving the Group's most famous faces to increase their visibility and impact.

- 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, and through free broadcasting within the station's advertising time, 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.

- "Terra: Desafio Global", by the journalist Isabel Loução Santos, filmed by Gonçalo Prego and edited by Miguel Freitas, won the Best Reportage prize in the Environment category at the International Monte-Carlo Television Festival.

- The report "Fora de Controlo" by journalist Elisabete Barata, filmed by Paulo Oliveira and edited by Vasco Crespo, won first place at the second Journalism awards in the mental health category awarded by the AstraZeneca Foundation.

- Also in healthcare, the report "Esperança de Vida" by Conceição Queiroz, filmed by Ricardo Pereira and edited by Pedro Cordeiro, won an Honourable Mention in the Novartis Oncology Journalism Awards. The same journalist was awarded the Intercultural Dialogue Award by ACIDI for the report "Música no Coração", filmed by João Paulo Delgado and edited by Miguel Freitas.

- "Vergonha de Amar", by Ana Leal, filmed by Tiago Ferreira and edited by Pedro Cordeiro, won a prize from "Ex-Aequo" for tackling the topic of homosexuality and how families deal with it.

- In drama, "Ex-Aequo", an association that fights against sexual discrimination, has also presented a prize to youth series "Morangos com Açúcar" for approaching this topic.

- Following the severe storms that hit the Autonomous Region of Madeira, on 20 February, the relief programme "PORTUGAL SOLIDÁRIO - AJUDA A MADEIRA" was organised, an initiative involving several Grupo Média Capital companies: TVI, Media Capital Rádios and Media Capital Multimedia. They made use of an added value charity phone line, to raise money for the charities Cáritas Portuguesa and Cáritas do Funchal, in support of providing accommodation and food and clothing for those left homeless (in collaboration with the Portuguese civil protection agency). The programme raised € 364,570.50 from viewers, listeners and web-users.

- In 2010, TVI again linked up with Continente for Missão Sorriso, one of the channel's main projects in the social responsibility area, since its launch in 2003, which aims to support paediatric hospitals and units through providing medical, scientific, recreational and teaching equipment, and entertainment.

- Through sales of the CD, “Leopoldina Apresenta Clássicos Infantis” and a charity phone line for donations through value-added phone calls, over € 650,000.00 was collected for this cause. This mission involves all TVI staff and many of its assets, including the generous work by well-known faces on the channel, in the appeals and promotion - the visible face of the spirit of solidarity.

- Also, entertainment programmes, particularly “Você na TV”, “As Tardes da Júlia” and “Agora é Que Conta”, once again supported and gave a platform to various Portuguese institutions and families throughout the year.

- Rádio Comercial, m80 and Cidade FM came together again during 2010 for Causa Maior, an initiative by Modelo in association with Cruz Vermelha Portuguesa (the Portuguese Red Cross), which aims to fight social exclusion and isolation, promoting quality and participation in the social life of the elderly. The radio campaigns saw strong involvement from presenters and programming, which contributed once again to the success achieved by this initiative.

- MCR involved its radio stations in a campaign in support of Ajuda de Berço, through Almada Forum. Aside from advertising airtime and an online presence, m80 created special broadcasts and items dedicated to the campaign.

- M80 was again the partner radio station for the Novo Futuro Charity Event, which aims to raise funds for Associação Novo Futuro, a charity which aims to support children and young people who have been deprived of a suitable family environment.

- As in previous years, troughout 2010 various donations were made by radio stations in the Group to several institutions such as AMI, Fundação do Gil, APAV, APSI – Associação para a Promoção da Segurança Infantil, Cruz Vermelha Portuguesa, Fundação Infantil Ronald McDonald and Objectivo 2015.

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. Examples of this type of partnership are the Fundação de Serralves and the Casa da Música in Porto – in both of which institutions the Media Capital Group is on the Founders' Board.

- As part of the promotion of the Portuguese cultural scene, “Cartaz das Artes” continues to set the agenda on Portuguese television. In 2010 it won 5 awards, receiving the “MAC - Movimento de Arte Contemporânea” award for the sixth year running for the Best Cultural Programme on Television. In 2009, the prizes for Cultural Television Journalism (Filipa Faria), Cultural Television Programme Presenter (João Paulo Sacadura), Cultural Television Programme Direction (António

Lopes da Silva) and Best Cultural Broadcast (Carla Mendes) were awarded too. With 23 awards over 6 years, this success reaffirms "Cartaz das Artes", aired weekly since October 2003, as the most awarded programme ever on TVI.

- Broadcasting around 1000 hours of national fiction produced by Plural Portugal in 2010, TVI maintained its key role in developing the Portuguese audiovisual industry.

- As part of its Public Service agreement, signed in September 2003 between the Government, RTP, SIC and TVI, TVI again met and exceeded all its obligations in 2010, specifically in providing communication space for Instituto do Cinema e Audiovisual (the Audiovisual and Cinema Institute) (promoting 13 cinematic works), programming supported by sign language (569 broadcast hours), programming in Portuguese with additional subtitling via teletext (570 broadcast hours).

- Also as part of this agreement, the programme "Todos Iguais" continued its run, a weekly magazine programme with content aimed at small population segments and cultural programming continued to have its own space, through regular broadcast of plays and the prize-winning arts and attractions magazine programme, "Cartaz das Artes".

- With productions in various regions of mainland Portugal and the islands, Plural Portugal has contributed greatly to the promotion of culture, encouraging a greater understanding of the country and local populations. The formative, educational component is also approached in the dramas and series produced by Plural and broadcast by TVI, with a good impact on the target audience. As an example, the cast of "Morangos com Açucar" went on a trip to the European Parliament, which was received very well by the media and the viewers and contributed to the increased awareness of this subject area among young people.

- In addition to providing free advertising space for divulgation of various cultural, educational and artistic initiatives, MCR radio stations actively participate in local and/or nationwide divulgation of relevant events and initiatives within these areas.

VOLUNTARY INITIATIVES WITHIN THE GROUP

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

The Christmas campaign – offer of Christmas presents to children – organised for the benefit of the Salvation Army, is another successful example of effort mobilisation amongst Group employees to support a social cause. During 2010, other campaigns as varied as book collections for schools or the

Casa do Gaiato de Sintra building renovation have promoted the charitable, giving spirit within Grupo Média 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 fulfilment of the existing regulation applicable to the media activities in Portugal, the Grupo Media Capital has been proactively promoting the adoption of the best international practices in the sector.

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

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 (general subject, violence, nudity, sex, language, dangerous behaviour, drugs/alcohol or fear inducement).

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 previously defined policy, 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.

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.

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

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

<u>Telephone</u>
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 competitions promoted by Group radio stations (in addition to the objectives specified for TVI).

<u>Online</u>
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 – in the case of TVI –, as well as regular feedback on their campaigns, by telephone, e-mail or in person.

Relations with the Community, Institutions or Associations

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

PROMOTION OF HUMANITARIAN PRINCIPLES

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

- Promotions follow internal norms and policies and are based on participation and merit, taking into consideration a structured and transparent evaluation process..

- The Grupo Media Capital's companies strictly comply with the laws and regulations regarding privacy and confidentiality, namely concerning security issues such as monitored areas.

- In TVI there are detailed guidelines on respect for Human Dignity and privacy on news programmes, according to the principles established by the Editorial Statutes and Programmatic Bases of the Common Platform of News Contents of the Media.

- The internal rules in this field are equally applied troughout the group in the selection of subcontractors or suppliers.

EMPLOYEES

Professional training and other benefits

In 2010, 582 employees of the Grupo Media Capital benefited from 9338 hours of vocational training.

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

Grupo Media Capital provides a health insurance plan for its employees and respective families. In addition, all employees benefit from a free anti-flu vaccination programme, as well as 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 58 vacancies for trainees in 2010, in the News, Programming, Marketing, Public Relations Multimedia and Production departments. TVI received students from Universidade Católica Portuguesa, Universidade Fernando Pessoa (Porto), Universidade do Algarve, Escola Superior de Coimbra, ISCEM, Vale do Rio and the profissional schools ETIC, EPCI and MAGESTIL, among others.

Performance evaluation

The current performance evaluation model in place at Grupo Media Capital is common to all companies within the Group and considers three major competence evaluation areas: key competences, general technical competences and, for directors only, management and leadership skills.

There is also a fourth evaluation area (of specific technical competences), based on which the appraisal results are compared to the specific needs of each function, professional area or business unit.

Thus, the specific technical competences evaluation must not be understood as a common but rather a specific evaluation tool for each business unit.

ENVIRONMENT

By definition, the activities of the Grupo Media Capital have a reduced ecological impact. However, the Group has been implementing a number of measures ranging from paper, card, glass and plastic recycling to power consumption reduction, aiming to further reduce its environmental impact.

Legal Provisions

LEGAL PROVISIONS

Own Shares

In accordance with Articles 66.º and 324.º of the Portuguese Companies Code, please be informed that during 2010 there were no acquisitions or sales of own shares, and hence on 31 December 2010 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 2010, 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 2010)

For the terms and effects of paragraph b) 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 2010:

Shareholder	Nº of owned shares	Percentage of share capital	Percentage of voting rights
Vertix SGPS, S.A.	80.027.607	94,69%	94,69%

Vertix SGPS, SA is 100% owned by the company Promotora de Informaciones, S.A..

Shareholder	Nº of owned shares	Percentage of share capital	Percentage of voting rights
Caixa de Aforros de Galicia, Vigo, Ourense e Pontevedra	4.269.869	5,05%	5,05%

Caixa de Aforros de Galicia, Vigo, Ourense e Pontevedra is the acquiring company of Caixa de Aforros de Vigo, Ourense e Pontevedra, following a merger effective 1 December 2010, as outlined in the statement disclosed to the market and the Securities Commission.

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 that there are no shares held by the members of the Corporate Bodies of the Company, as of 31 December 2010.

Members of the Board of Directors

	Shares	Nº of shares 31-12-10	Transactions in 2010			
			Acquisitions	Alienations	Unit price (€)	Date
Jaime d' Almeida		0				
Bernardo Bairrão		0				
Manuel Polanco		0				
Miguel Gil		0				
Juan Herrero		0				
Juan Luis Cebrián		0				
Pedro Garcia Guillén		0				
Tirso Olazábal		0				

Statutory Auditor

	Shares	Nº of shares 31-12-10	Transactions in 2010			
			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 consolidated net result for the year ended on 31 December 2010 registered a profit of Euro 12.399.919,02 (twelve million, three hundred and ninety nine, nine hundred and nineteen euros and two cents).

The individual net result for the year ended on 31 December 2010, as prepared according to IFRS accounting standards adopted by the European Union, was of Euro 24.452.924,48 Euros (twenty four million, four hundred and fifty two, nine hundred and twenty four euros and fourty eight 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 1.222.646,22 (one million, two hundred and twenty two, six hundred and fourty six euros and twenty two cents);

b) Distribution of dividends amounting Euro 6.253.975,32 (six million, two hundred and fifty three, nine hundred and seventy five euros and thirty two cents), corresponding to approximately 50% of the consolidated net result. The distribution of dividends corresponds to a gross dividend per share of Euro 0,074;

c) The remaining net result amounting to Euro 16.976.302,94 (sixteen million, nine hundred and seventy six, three hundred and two euros and ninety four cents) 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 for potential business opportunities and / or events concerning 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 of those who have, be it direct or indirectly, given their contribution to the development of this Group.

Queluz, February 16, 2011

The Board of Directors,

Jaime Roque de Pinho D'Almeida (Chairman)

Bernardo Bairrão (CEO)

Juan Luis Cebrián Echarri (Director)

Manuel Polanco Moreno (Director)

Luis Miguel Gil Peral (Director)

Juan Herrero Abelló (Director)

Pedro Garcia Guillén (Director)

Tirso Olazábal Cavero (Director)

Corporate Governance Report

INTRODUCTION

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

GUIDING PRINCIPLES

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

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

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

CHAPTER 0 – DECLARATION OF COMPLIANCE

As a listed company subject to Portuguese personal law, whose shares are issued for trading on Euronext Lisbon, a regulated market, Media Capital is subject to the applicable legal articles under Portuguese jurisdiction, in relation to its articles addressing corporate governance, namely the Commercial Company Code and the Portuguese Securities Code in the form CMVM Regulation no. 1/2010 on governance of Listed Companies. Media Capital also adopts the recommendatory articles given in CMVM's Corporate Governance Code of 2007, with the alterations introduced in January 2010, available for consultation on the CMVM website.

Sede:
Rua Mário Castelhano, Nº 40
Queluz de Baixo
2734-502 Barcarena
Tel: 21 434 59 04/ 07
Fax: 21 434 59 01

Recommendation / Chapter		Compliance		Description in the Report
I. GENERAL MEETING				
I.1 General Meeting Board				
I.1.1 The Chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.		Complied		Chapter I I.1
I.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.		Complied		Chapter I I.1
I.2 Participation at the Meeting				
I.2.1 The prior notice required for the General Meeting Board's receipt of deposit or blocking of shares declarations for participation in the General Meeting shall not exceed five working days.		Complied		Chapter I I.2
I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.		Complied		Chapter I I.2
I.3 Voting and Exercising Voting Rights				
I.3.1 Companies may not impose any statutory restriction on postal voting, nor, where adopted and permitted, electronic voting.		Complied		Chapter I I.2
I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.		Complied		Chapter I I.2
I.3.3 Companies must reflect proportionality between voting rights and the shareholder's holding, preferably through statutory decree providing for the one share/one vote principle. Companies taking the following actions are not in compliance with proportionality: i) offer shares that do not confer voting rights; ii) decree that voting rights above a certain number are not counted, when held by just one shareholder or by shareholders related to it.		Not complied In accordance with the Articles of Association, 1 vote corresponds to 100 shares. The Company understands that participation and intervention by the majority of shareholders is duly guaranteed, given the low nominal value of the shares and shareholders' ability to form a group for a vote, as set out in article 11 of the Articles of Association. The Company did not issue a class of shares that did not confer voting rights nor imposed any limit to the count of voting rights when held by just one shareholder.		Chapter I I.2
I.4 Quorum and Resolutions				
I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumbers that which is prescribed by Law.		Complied		Chapter I I.2
I.5 Attendees List, Minutes and Information on				

Recommendation / Chapter		Compliance		Description in the Report
Resolutions Passed				
I.5.1 The minutes of the General Meetings, or documents of equivalent content, must be made available to shareholders on the company's website within five days of the meeting, even though they do not constitute privileged information. The information available must include the decisions made, the capital represented and the results of votes. This information must remain on the company website for a three-year period.		Complied		Chapter I I.2
I.6 Measures on Corporate Control				
I.6.1 Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. In observance to this principle, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting, (5 year intervals, at least) on whether that statutory provision is to prevail – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.		Complied		Chapter I I.3
I.6.2 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.		Complied		Chapter I I.2
II. MANAGEMENT AND SUPERVISORY BOARDS				
II.1. General Points				
II.1.1. Structure and Duties				
II.1.1.1 The Board of Directors shall assess the adopted model in its governance report and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles.		Complied		Chapter II Section I
II.1.1.2 Companies shall set up internal risk control and management systems to detect and manage risk by protecting its assets and keeping its		Complied		Chapter II Section I – II.I.3

Recommendation / Chapter		Compliance		Description in the Report
corporate governance transparent. Those systems must include, at least, the following elements: i) the setting of the company's strategic objectives regarding taking on risk; ii) the identification of the main risks associated with the specific business and the events liable to create risks; iii) analysis and measuring of the impact and the probability that each potential risk will occur; iv) risk management with a view to aligning risks incurred to the company's strategic decisions on acceptable risk levels; v) mechanisms controlling implementation of risk management measures adopted and their effectiveness; vi) adoption of internal information and communication mechanisms on the various system components and risk alerts; vii) regular evaluation of the system implemented and adoption of modifications that prove necessary.				
II.1.1.3. The Board of Directors must ensure that internal control and risk management systems are created and are fully functional. The Supervisory Board assumes responsibility for evaluating whether these systems are fully functional and proposes adjustments to them to address the company's needs.		Complied		Chapter II Section I – II.I.3
II.1.1.4 Companies must perform the following actions in their annual report on corporate governance: i) identify the main economic, financial and legal risks to which the company is exposed in operating its business; ii) describe the performance and effectiveness of the risk management system.		Complied		Chapter II Section I – II.I.3
II.1.1.5 The Board of Directors and Supervisory Board shall have rules of working which must be published on the company website.		Complied		Chapter II Section I – II.I.4
II.1.2 Governance Incompatibility and Independence				
II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.		Complied		Chapter II Section I – II.I.1
II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this		Complied		Chapter II Section I – II.I.1

Recommendation / Chapter		Compliance		Description in the Report
number and may never be less than a fourth of the total number of Directors.				
II.1.2.3 The evaluation of the independence of its non-executive members by the Board of Directors must take into account the laws and regulations in place on independence requirements and the incompatibility framework applying to members of other company bodies, ensuring that the independence criteria are applied systematically to the company as a whole within the correct timeframe. No independent administrator may be considered that could not take on that role in another company body due to applicable regulations.		Complied		Chapter II Section II and Section IV
II.1.3 Eligibility Criteria and Nomination				
II.1.3.1 Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out its duties.		Complied		Chapter II Section I – II.I.1 and Section II
II.1.3.2 The process for selecting non-executive director candidates must be designed to prevent the interference of Board Members.		Complied		Chapter II Section I – II.I.1 and Section II
II.1.4 Policy on the Reporting of Irregularities				
II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.		Not complied Until today, the Company did not formally adopt a policy of communication of irregularities. However it is making efforts in order to soon implement all the necessary procedures for the adoption of this policy.		Chapter II Section IV – IV.3
II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.		Not applicable Until today, the Company did not formally adopt a policy of communication of irregularities.		Chapter II Section IV – IV.3
II.1.5 Remuneration				
II.1.5.1 Remuneration of the members of the Board of Directors must be structured to ensure their interests are aligned with the company's long-term interests, based on evaluating performance and disincentivising excessive risks. To this end, the remunerations should be structured as follows: (i) The remuneration of Directors carrying out		Complied		Chapter II Section IV – IV.1

Recommendation / Chapter		Compliance		Description in the Report
executive duties should include a variable component determined according to a performance evaluation, made by the appropriate company bodies, using predefined measurement criteria, which analyses the company's real growth and the wealth effectively created for shareholders, its long-term sustainability and the risks assumed, as well as compliance with the rules applying to the company's business. (ii) The remuneration's variable component must be reasonable overall in relation to the fixed component, and maximum limits must be set for all the components. (iii) A significant part of the variable remuneration must be deferred for a period not less than three years, and its payment must depend on the continuation of the company's positive performance over that period. (iv) The members of the Board of Directors must not sign contracts, either with the company, or with third parties, which have the effect of mitigating the risk inherent in the variability of remuneration that is fixed for them by the company. (v) Until the end of their term, executive Directors must ensure company shares which formed part of variable remuneration are maintained below the limit of twice the value of total annual remuneration, except those that need to be divested with a view to payment of tax arising from income from those shares. (vi) When variable remuneration includes the award of options, the start of the exercise period must be deferred for a period not less than three years. (vii) Suitable legal instruments must be established so that the compensation set for any form of removal of the Director from the post without just cause is not paid if the removal or cessation by agreement is due to the inadequate performance of that Director. (viii) The remuneration of the non-executive Directors of the Board must not include any component whose value depends on the performance or value of the company.				
II.1.5.2 The declaration on the remunerations policy for the Board of Directors and Supervisory Boards relating to article 2 of Law no. 28/2009, of		Complied		Chapter II Section IV – IV.1

Recommendation / Chapter		Compliance		Description in the Report
19th June, must contain sufficient information about the following, as well as the content mentioned in that law: i) which groups of companies whose remunerations policy and practice were used for comparison in setting remuneration; ii) the payments regarding the removal from post or cessation by agreement of the Directors' functions.				
II.1.5.3 The remunerations policy declaration referred to in article 2 of Law no. 28/2009 must also cover remunerations of managers accepting no. 3 of 248-B of the Securities Code and whose remuneration contains an important variable component. The declaration must be detailed and the presented policy must take into account the company's long-term performance, the compliance with standards applying to the company's business and the containment of risks taken.		Complied		Chapter II Section IV – IV.1
II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.		Not applicable During 2007, the Board of Directors of Media Capital Group, along with the Company Body Appointment and Remuneration Committee and the Director Appointment and Remuneration Committee, decided to terminate the Stock Option Plan, which had been approved in 22 April 2005.		Chapter II Section IV – IV.1
II.1.5.5 At least one representative of the remunerations committee shall be present at the Annual Shareholders' General Meetings.		Complied		Chapter II Section V
II.2. Board of Directors				
II.2.1 Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance.		Complied		Chapter II Section II

Recommendation / Chapter		Compliance		Description in the Report
II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.		Complied		
II.2.3 Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.		Not applicable		Chapter II
II.2.4 The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.		Complied		Chapter II Section II
II.2.5. The company must make explicit their policy of rotation of roles on the Board of Directors, specifically the responsibility for finance, and provide information about it in the annual report on corporate governance.		Complied		Chapter II Section II
II.3 Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors				
II.3.1 When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.		Complied		Chapter II Section II
II.3.2 The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, when applicable, to the Chair of the Supervisory Board or the Auditing Committee.		Not applicable The Company does not have an executive committee.		Chapter II
II.3.3 The Chair of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.		Not applicable The Company does not adopt the governance model that incorporates the general and supervisory board.		Chapter II
II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Audit				

Recommendation / Chapter		Compliance		Description in the Report
Board				
II.4.1 Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out on an on-going basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.		Not applicable The Company does not adopt the governance model that incorporates the general and supervisory board.		Chapter II
II.4.2 The annual reports on the work of the General Board, the Supervisory Board, the Financial Affairs Committee, the Auditing Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.		Complied		Chapter II Section III
II.4.2 The annual reports on the work of the General Board, the Supervisory Board, the Financial Affairs Committee, the Auditing Committee and the Audit Board shall include a description of supervisory activity and shall mention any restraints that they may have faced.		Complied		Chapter II Section III
II.4.4 The General Board, the Supervisory Board, the Auditing Committee and the Audit Board, according to the model applicable, shall represent the company for all purposes at the external auditor, and shall propose the services supplier and the respective remuneration, and ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.		Complied		Chapter II Section III
II.4.5 According to the applicable model, the General Board, the Supervisory Board, the Auditing Committee and the Audit Board shall assess the external auditor on an annual basis and advise the General Meeting that it be discharged whenever there is just cause.		Complied		Chapter II Section III
II.4.6. The internal audit services and those ensure compliance with the standards applicable to the company (compliance services) must report to the		Complied		Chapter II Section III

Recommendation / Chapter		Compliance		Description in the Report
Auditing Committee, the General Board and the Supervisory Board, or, in the case of companies adopting the Latin model, an independent Director or the Audit Board, irrespective of the hierarchical relationship that those services hold with the executive administration of the company.				
II.5. Special Committees				
II.5.1 Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing Committees; (ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement; iii) identify potential candidates in good time with the high profile needed to undertake the responsibilities of Director.		Complied		Chapter II Section V
II.5.2 The remuneration committee members or equivalent must be independent regarding the members of the Board of Directors and must include at least one member with knowledge and experience on remuneration policy matters.		Not complied The Nomination and Remuneration Committee of the Board is composed by a majority of non independent members.		Chapter II Section V
II.5.3. No individual or company may be appointed to support the Remunerations Committee in carrying out its duties which provides or has provided services in the last three years to any body dependent on the Board of Directors, or to the Board of Directors itself or which currently has a relationship with the company's consultant. This recommendation also applies to any individual or company that is related to the former by work or service provision contract.		Complied		Chapter II Section V
II.5.3 All the Committees shall draw up minutes of the meetings held.		Complied		Chapter II Section V
III. INFORMATION AND AUDITING				
III.1 General Disclosure Duties				
III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors		Complied		Chapter III III.11

Recommendation / Chapter		Compliance		Description in the Report
are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.				
III.1.2 The following information that is made available on the company's Internet website, shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting; h) Notices convening meetings.		Complied		Chapter III III.11
III.1.3. The companies must rotate the auditor after two or three terms, depending on whether these last for four or three years respectively. Maintaining the auditor beyond this period must be based on a specific opinion from the Supervisory Board that expressly analyses the auditor's independence conditions and the advantages and costs of replacing it.		Complied		Chapter III III.12
III.1.4. As part of its remit, the external auditor must ensure the remunerations policy and systems, the effectiveness and functioning of the internal control mechanisms are applied and must report any failure to the company's Supervisory Board.		Not complied Partially fulfilled with regard to the analysis of the effectiveness and the verification of the functioning of the internal control mechanisms.		Chapter III III.12
III.1.5. The company must not contract services other than auditing services from the external auditor, nor any entities that are in a subsidiary relationship with it or that participate in the same network. Where there are reasons for contracting these services – which must be approved by the Supervisory Board and made explicit in its annual report on corporate governance – they should not have more than 30% of the total value of services provided to the company.		Not complied The official accounts auditor that took on the auditing role supplied auditing consultancy services and other consulting services, that exceeded 30% of the total value of the services provided.		Chapter III III.12
IV. CONFLICTS OF INTEREST				
IV.1 Relationships with shareholders				

Recommendation / Chapter		Compliance		Description in the Report
IV.1. Share-trading by the company with shareholders owning a qualifying stake, or with entities that have relationships with the latter, under the terms of article 20 of the Securities Code, must take place under normal market conditions.		Complied		Chapter III III.9
IV.1.2 Significant share-trading with shareholders owning a qualifying stake, or with entities that have a relationship with the latter, under the terms of article 20 of the Securities Code, must be submitted for prior opinion by the Supervisory Board. This body must set out the procedures and criteria needed for defining the significance level for these trades and the further terms of its intervention.		Not complied During the 2010 financial year, the Company's Supervisory Board did not intervene in the approval of operations performed by holders of qualifying stakes or companies in a holding or group relationship due to their being performed under normal market conditions.		Chapter III III.9

CHAPTER I – GENERAL MEETING

I.1 Composition, term and remuneration

The members of the General Meeting Board for the present mandate (2008/2011), in exercise during 2010, were designated on the Company's annual General Meeting, occurred on March 5^{th} 2008. The members of the General Meeting Board are:

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

The company secretary working with the members of the General Meeting Board is Mr Francisco Sá Carneiro, appointed at the Media Capital Annual General Meeting of 5 March 2008.

The members of the General Meeting Board are remunerated through a fixed amount, defined according to the market remuneration for similar duties. During 2010, the members of the General Meeting Board were remunerated for their participation and intervention in the Media Capital Annual General Meeting, held on 17 March 2010.

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

I.2 Shareholder Participation

Voting and exercising of voting rights

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

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

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

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

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

Quorum

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

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

Vote by mail

The article number 11 of the Memorandum of Association of Media Capital defines that the shareholders can exercise their vote by mail.

The vote by mail must be addressed to the Presiding Officer and delivered in person to the Company, or received with an advance of at least three working days before the date of the meeting.

The vote by mail is confidential until the voting moment and will be considered as a negative vote, according to the proposals of the deliberation presented after the voting.

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

Vote by telematic means

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

During 2010 the vote by telematic means to the annual Meeting Board was not implemented, as the Company has considered that the vote by mail ensured the access of all the shareholders to participate in the decisions under deliberation.

Minutes of General Meetings

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

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

Presence at General Meetings

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

II.3 Intervention of the General Assembly

The Company submitted the remuneration policy for its Board of Directors, Supervisory Board and other company managers for approval by the General Assembly Meeting held on 17 March 2010, which were approved unanimously by the shareholders.

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

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

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

I.4 Measures concerning the control of the Companies

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

In 2010 were not adopted any protecting measures in order to cause severe damages to the heritage of the Company, in case of the transition of the Company control, or in case of changes in the composition of the Board of Directors.

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

CHAPTER II ADMINISTRATIVE AND SUPERVISING BODIES

Section I – General Points

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

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

II.I.1 Composition of Company Bodies

Board of Directors

The Board of Directors is responsible for the management and representation of the company. Its main responsibilities are to define the company's strategic guidelines, monitor the implementation of such guide-lines and supervise the financial health of the company. The criteria governing the Board's activity at a given moment will be compliance with the company objective, the defence of the company's long-term viability and the development of real value, safeguarding the identity, the professional and ethical principles.
The Board of Directors, the Managing Director and senior management are responsible for the day to day operations developed by the Media Capital Group.

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

In order to ensure a majority of independent members in the Auditing Committee, the Board of Directors included two or more independent members, and includes five non-executive members, in order to ensure the effective ability of the follow-up and evaluation of the executive members' activity.

The Board of Directors an Auditing Committee, which has responsibility over the company's auditing, along with an Official Auditor.
The Board members for the 2008/2011 term, operating during 2008, were appointed at Media Capital's Annual General Meeting of 5th March 2008, altering its members at the General Meeting of 12 March 2009, with the Board replacing a member on 24th May 2009. The following are current Board members:

President:		
Jaime Roque de Pinho D'Almeida	Non executive	Independent
Vogals:		
Bernardo Bairrão	Executive	
Miguel Gil	Executive	
Juan Herrero	Executive	
Manuel Polanco	Non executive	
Juan Luís Cebrián	Non executive	
Pedro Garcia Guillén	Non executive	
Tirso Olazábal Cavero	Non executive	Independent

Auditing Commitee

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

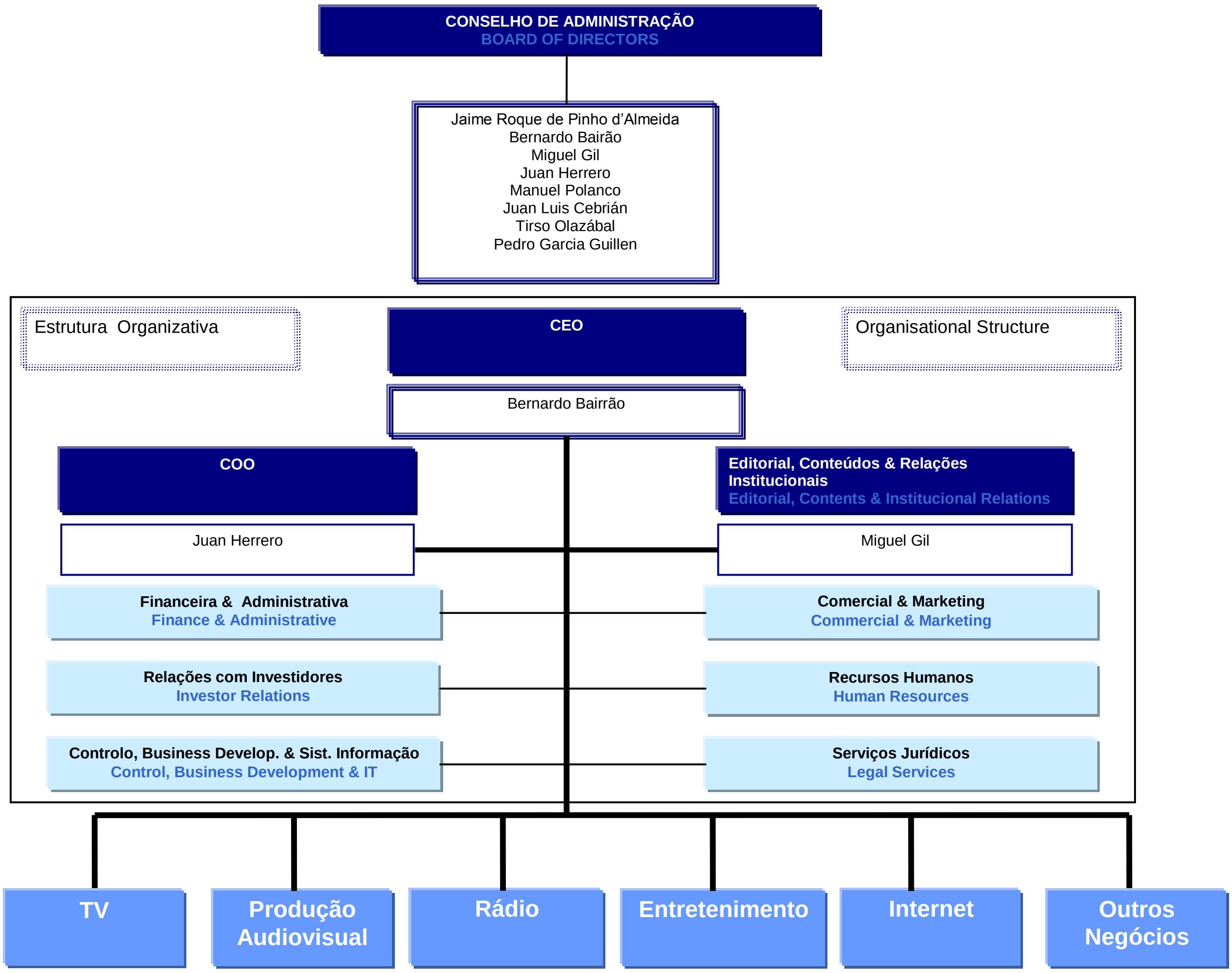
The members of the Auditing Committee for the mandate of 2008/2011, and on exercise during 2009, were appointed jointly with the other members of the Board of Directors in the annual Meeting Board of Media Capital, held on 5th March 2008. Its members were altered in the Meeting Board, held on 12th March 2009. The Auditing Committee is composed by the following members of the Board of Directors:

President of the Auditing Commitee:		
Tirso Olazábal Cavero	Non executive	Independent
Members of the Auditing Comitee:		
Jaime Roque Pinho D'Almeida	Non executive	Independent
Pedro Garcia Guillén	Non executive	

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

II.I.1 Competence of the Board

Organizational structure



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

Being the Group's holding, the company Grupo Média Capital, SGPS, S.A. is responsible for its strategic development, namely regarding its expansion process, as well as for the global management of all the different business areas, playing a leading role in the decision making process.

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

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

II.I.3 Internal control and risk management

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

(i) Identify the risk it faces.
(ii) Measure the impact on the financial performance and on the value of the Company.
(iii) Compare the value at stake with the costs of the hedging instruments, if available.
(iv) Control the evolution of the identified risks and the hedging instruments.

The risk control function intends to minimize the impact of the existing risks in Media Capital and in all its stakeholders.

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

During 2010, the Board of Directors continues to coordinate its activity with the Auditing Committee in terms of the functioning of the internal control and risk management systems, so that the Auditing Committee may evaluate the functioning of the systems adopted and suggest adjustments according to the company's needs, in line with CMVM's recommendation.

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

Regulatory

Risks

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

Risk Control

- The Regulatory Authority for the Media (Entidade Reguladora para a Comunicação Social, hereinafter referred to as the "ERC") is vested with the authority to issue and to renew television broadcasting licenses. All existing free-to-air television broadcasting licenses were issued for 15 years in 1992 and may be renewed for additional 15-year period upon request by the relevant holder, provided that certain conditions are met.
  ERC issued, on 20 June 2006, its Deliberation 1-l2006, regarding the renewal of the SIC and TVI television broadcasting licenses, for a 15-year period, with regard to the programme services known, respectively, as "SIC" and "TVI". Following the special administrative procedure contesting the binding obligations arising from the licence, the Sintra Tax and Administrative Court considered that a formal error on ERC's Deliberation had occurred, as TVI had not been heard in prior hearing, due to which it declared it void, although the argument of non competency of ERC for changes of the terms and conditions of the program services on which the license was issued, did not proceed. Thus, TVI has appealed the decision at the Central Administrative Court. ERC issued a new deliberation (2/LIC-TV/2007) on 20 December 2007, in which it reinforced the content of its 1-L2006 deliberation, but changing some of its specific aspects. TVI presented an impugnation request of the new deliberation.
- Currently, Radio licenses are issued for 10 years, except for those concerning operators at national level, which are issued for 15 years which may be renewed for additional 10-year period upon request by the relevant holder provided that certain conditions are met. Recently, the regional license for Radio XXI Lda and local license for Radio Cidade, SA were renewed. The requests for renewal were submitted to the ERC six months prior to the expiry of the term of the licenses. Media Capital considers that it is very unlikely that the renewal request will be rejected if the conditions for its awarding are complied with. The board of the Media Capital Group and the operating unit are responsible for monitoring the requirements for licenses and the dealings between the Media Capital Group and the regulatory authorities.

Financial

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

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

- Market risk
  Market risks relate to changes in interest and exchange rates.
  (i) Interest rate
  Interest rate risk relates essentially to the variable interest rate to which the commercial paper program is subject. In order to reduce the level of risk to which the Group is exposed, Media Capital contracted a hedge which fixes the range of variation of the 1 month Euribor rate with a cap of 4.99% and a floor of 3.25%.
  Media Capital has a policy of covering around 50% of its interest rate risk through interest rate swaps.
  The Company's sensitivity to changes in interest rates is limited by the above hedging products, which are recorded at market value determined by reference to valuations made by independent entities.

(ii) Exchange rate

The exchange rate risks are essentially related to the investment in Plural Entertainment, as well as to the denominated debt in currencies other than Euro, the Group's reporting currency.

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

- Credit risk

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

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

  Impairment loss on accounts receivable is determined considering:

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

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

- Liquidity risk

  Liquidity risk can occur if the funding sources, such as operating cash flow, divestment, credit lines and cash flows obtained from financing operations do not meet the financing needs, such as cash payments for operations and financing, investments, shareholder remuneration and repayment of debt.

  In order to mitigate this risk, the Group has endeavoured to maintain a liquid position and average debt maturities that enable it to repay debt on adequate terms.

Operational

Risk Management

- Due to challenges the diverse operating business areas present, and in order to maintain effective and adequate internal control procedures of the different businesses, Media Capital Group has implemented an Internal Auditing function, responsible for monitoring the financial and operational risks. Supporting the Board of Directors and coordinated by the Management Control Direction, the Internal Audit function aims at:
  - Assist Media Capital and Media Capital Group in identifying risk areas that are fragile or lack internal control procedures;
  - Propose and contribute to the implementation of best practices, in order to:
    - Monitor and optimize businesses performance;
    - Minimize error risks, fraud or inadequate use of the Company's assets;
    - Assure the reliability of the financial and operational information transmitted to the Board;
    - Creating consistent practices, politics and operational and accounting procedures.

II.I.4 Regulations

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

Section II – Board of Directors

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

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

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

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

The article number 19 of the Memorandum of association provides the possibility to replace a Director under the law, and if the Board of Directors declares the definitive default of such Director, in case of unjustified absence to more than 3 (three) meetings of the Board of Directors during a financial year. According to the Board Regulation, the Directors are relieved of their duties in the mandate for which they were appointed or when the General Meeting decides, in the use of its attributes, conferred by law or statute; the Directors must place their responsibilities at the disposal of the Board and formalise, if this is deemed convenient, the corresponding resignation in the cases specified in that Regulation (namely, when they find themselves in a certain situation of incompatibility or ban as set out by law, when due to harmful action a rectification order has been put forward and of appointment of a hearing date (set out in articles 311 and 313 of the Penal Code, respectively), due to accusation and/or indictment for committing a crime punishable with a prison sentence of over five years, when the circumstances by which they were appointed come to an end, in particular, when an independent director loses its independence). The Board of Directors is prevented from proposing the discharge of an independent member before the term for which he or she was appointed is complete, except in the case of just cause, as designated by the Board after prior opinion from the Corporate Governance and Managing Staff Remunerations Committee.

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

Delegation of powers

Concerning the management of the delegation of powers, the Board of Directors has approved the delegation of powers to the Director Sr. Bernardo Bairrão, as the Chief Executive Officer of the Company, with conferred powers of day-to-day management of the Company, as provided in the article number 22 of the Memorandum of Association.

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

Under the article number 407 of the Commercial Company Code, the delegation of powers to the Chief Executive Officer does not exclude the authority of the Board of Directors to decide on the subject matter in the scope of delegation, being normal practice of the Company Board of Directors to approve or to ratify the individual acts performed by the Chief Executive Officer.

Without prejudice to the powers delegated to the Chief Executive Officer, the Board of Director is composed by two more responsible executive directors that make a direct follow-up to specific acting areas of the Group Media Capital, in order to optimize an effective management. The executive Directors take on responsibilities in compliance with that referred to in this Report (in II.1.2), advising the Chief Executive Officer in the performance of his or her duties. There is no rotation policy for roles within the Board, specifically regarding the financial role.

The non-executive directors follow-up the activity developed by the Company and its Chief Executive Officer, guaranteeing the supervising, the inspection and the evaluation capability of the executive members, by the monthly meetings of the Board of Directors, without prejudice to the access of any information or documentation requested at any moment. In performing their non-executive duties, the Directors were not faced with constraints during 2010.

Media Capital did not appoint an Executive Board, and the decisions concerning the important and strategic subjects were taken by the Board of Directors as a collaborative body comprising all its members, executive and non-executive in the normal performance of their duties, with the constitution of a committee of this kind deemed unnecessary given the current structure of the social capital.

Operation

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

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

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

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

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

The Board of Directors of Group Media Capital has met regularly 11 times during 2010, with the participation or representation of all the members, thus guaranteeing the effective management control of the Group. The Board of Directors adopted one deliberation unanimously, in writing.

During 2010, and as per the meetings of the Board of Directors, the Chief Executive Officers and other directors exercising executive authority disclosed all the information required by the other members of the Board of Directors.

Authorization to the increase of capital

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

Section III – Auditing Commitee

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

Skills

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

Media Capital Group's Auditing Committee has powers as specified in Law, specifically in article 423-F of the Commercial Company Code, and also the powers set out in the Board Ruling, since that Committee is a constituent part of the Board.

During 2010, the Auditing Committee, made the follow-up of the activity of the companies integrated in the Group Media Capital, ensuring the compliance with the law and with the respective Memorandum of Association, having controlled the regularity of the accounting records, the accuracy of the documents of reporting, the adopted accounting policies, supervising the process of preparing and releasing of the financial information and the periodical information released to the market.

As part of the Auditing Committee's work during 2010, it analysed and evaluated the effectiveness of the risk management systems and the internal control system, as implemented by the Board of Directors in safeguarding the Company’s value and for the benefit of corporate governance transparency. The Auditing Committee also directly monitored the activity performed by the internal audit services in Grupo Média Capital’s subsidiaries.

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

The Auditing Committee has met with the Official Auditor in order to follow-up his auditing work and conclusions, supervising the operations developed by the Official Auditor, in order to protect his independency, namely concerning the additional supply of services. The external auditor’s performance was also evaluated.
Every year the Auditing Committee prepares a report concerning its activity and presents its opinion concerning the reported documents, as presented by the Board of Directors and by the Official Auditor. The

Report of the Auditing Committee is issued and released to the shareholders jointly with the reporting documents.

Operation

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

Under the terms of the Commercial Company Code, the Auditing Committee has attended all the meetings of the Board of Directors and during 2010 has met 5 (five) times in fulfilment of its remit.

Section IV - Remuneration

IV.1 Description of the Remuneration Politics

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

The company believes that the remuneration and compensation policy of the company bodies and other managers in place in the 2010 financial year, which was submitted for approval by the General Meeting shareholders, is in line with a strategy of containment given the world crisis and future economic outlook. However, the policy presented is designed to allow the alignment of the commitments of the members of the Board of Directors with the interests of the company.

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

During 2010, the Company did not make compensatory payments for discharge from post or cessation by agreement for ex-Directors. The company has not signed agreements or defined policies regarding the Company Directors that outline the payment of compensation by force of the term length, except for the case of cessation of duties without just cause of its Chief Executive Officer, for which agreements previously taken within the scope of his professional relationship in Media Capital Group were respected.

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

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

Given the containment policies stemming from the international financial crisis, the Commission of Appointment and Remuneration of the Board and the Corporate Governance and Managing Staff Remuneration Committee decided in 2010 to withdraw the multi-year variable component early, called the “Long-Term Incentive Plan” (ILP), which aimed mainly to motivate and help retain executives in the long term within Grupo Media Capital, reflected in the 2008-2010 strategic plan.

NON-EXECUTIVE DIRECTORS

The non-executive Directors (including the independent members) earned a fixed and regular remuneration during 2010, not set any model of variable remuneration, once their activity in the Board of directors is due to their professional background, representing to the Group a valuable support and knowledge source (know how).

The above mentioned remunerations were settled to the respective administrator, in equal and successive benefits.

MANAGERS

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

Each year, the Corporate Governance and Managing Staff Remuneration Committee revises the policy of Grupo Media Capital, SGPS, S.A. regarding managers’ compensation, considering for the purpose senior managers belonging to Grupo Média Capital companies.

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

It should be noted that during the 2010 financial year, no increase in the fixed remuneration component was applied for managers. Reductions in the variable component were also approved for managers, which constitute reductions versus the 2008 financial year.

IV.2 Remuneration

The remuneration conferred by the members of the Company’s Board of Directors for the year ending 31 December 2010 came to EUR 1,703,504.98, including the remunerations conferred by executive and non-executive members.

The Board of Directors' executive members are paid in full through the subsidiaries companies in Grupo Média Capital. The remunerations paid during 2010 are as follows:

Bernardo Bairrão	EUR 365,514.94	EUR 159,104.00
Miguel Gil	EUR 324,720.00	EUR 99,000.00
Juan Herrero	EUR 339,216.20	EUR 80,750.00
Total	EUR 1,029,451.14	EUR 338,854.00

The following remunerations paid during 2010 were made to non-executive members of the Board of Directors (which correspond exclusively to the fixed remuneration component):

Jaime Roque Pinho D'Almeida	EUR 162,000.00
Manuel Polanco	EUR 43,299.96
Juan Luis Cebrián	EUR 43,299.96
Pedro Garcia Guillén	EUR 43,299.96
Tirso Olazábal	EUR 43,299.96
Total	EUR 335,199.84

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

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

IV.3 Policy on the reporting of irregularities

In view of the implications of the implementation of a policy of communication irregularities as recommend by CMVM, Media Capital is developing all the efforts to adopt a policy of communicating irregularities namely with regards to the ways of communicating the irregular practices, the person capable of receiving these communications and the treatment to be given to them.

The company considers that the current procedures satisfactorily guarantee the communication of irregularities at the level of the management of human resources.

Section V – Specialised committees

Commission of Appointment and Remuneration of the Board

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

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

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

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

The exercising members of the Commission of Appointment and Remuneration of the Board during 2010 were jointly appointed in the same annual Meeting Board of Media Capital, held on 5th March 2008. On the Board meeting held on March 12, 2009, one of its members was altered. The Commission is composed by the following members:

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

The members making up the Company Body Appointment and Remunerations Committee are senior executives with recognised experience in the market in which they work, having had similar roles on other remuneration committees.

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

The Company Body Appointment and Remunerations Committee comprises a majority of non-independent members.

The minutes of the meetings and the deliberations of the Commission of Appointment and Remuneration of the Board are drawn up and registered in the respective Minute Book and sent to all the members. During 2010, the Committee met three times in fulfilment of its obligations.

Corporate Governance and Managing Staff Remuneration Committee

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

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

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

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

- Jaime Roque de Pinho D'Almeida	non-executive Director
- Manuel Polanco	non-executive Director
- Pedro Garcia Guillén	non-executive Director

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

Minutes are taken for the Corporate Governance and Managing Staff Remuneration Committee meetings and their decisions, which are transferred to the corresponding book of minutes and distributed to all its members. During 2010, the Committee met three times in fulfilment of its obligations.

CHAPTER III INFORMATION AND AUDITING

III.1 Capital structure

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

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

All Media Capital shares are traded on the main securities market, Euronext Lisbon.

Media Capital does not consider special rights to any category of shares, thus entitling all shareholders with the same benefits.

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

III.2 Qualified Shareholding

List of qualified shareholding at 31 December 2010:

Shareholder	Number of shares held	Percentage of the share capital	Percentage of voting rights
Vertix SGPS, SA	80.027.607	94,69%	94,69%
Caixa de Aforros de Galicia, Vigo, Ourense e Pontevedra (#)	4.269.869	5,05%	5,05%

(#) Caixa de Aforros de Galicia, Vigo, Ourense e Pontevedra is the acquiring company of Caixa de Aforros de Vigo, Ourense e Pontevedra following a merger effective 1 December 2010, as outlined in the statement disclosed to the market and the Securities Commission.

On 19 October 2009, the company was informed of the launch of a take-over bid for a maximum of 4,487,650 shares representing around 5.31% of the company's capital by Ongoing Media, SGPS, S.A. On 31 March 2010, Ongoing Media, SGPS SA announced that it had been notified of the opposition decision by the Competition Authority for that acquisition operation, due to which the bid did not proceed further.

III.3 Para-social Agreements

As far as the Company is concerned, in 31.12.10, no para-social agreement was celebrated between its shareholders that might have lead to restrictions on the transmission of securities or voting rights.

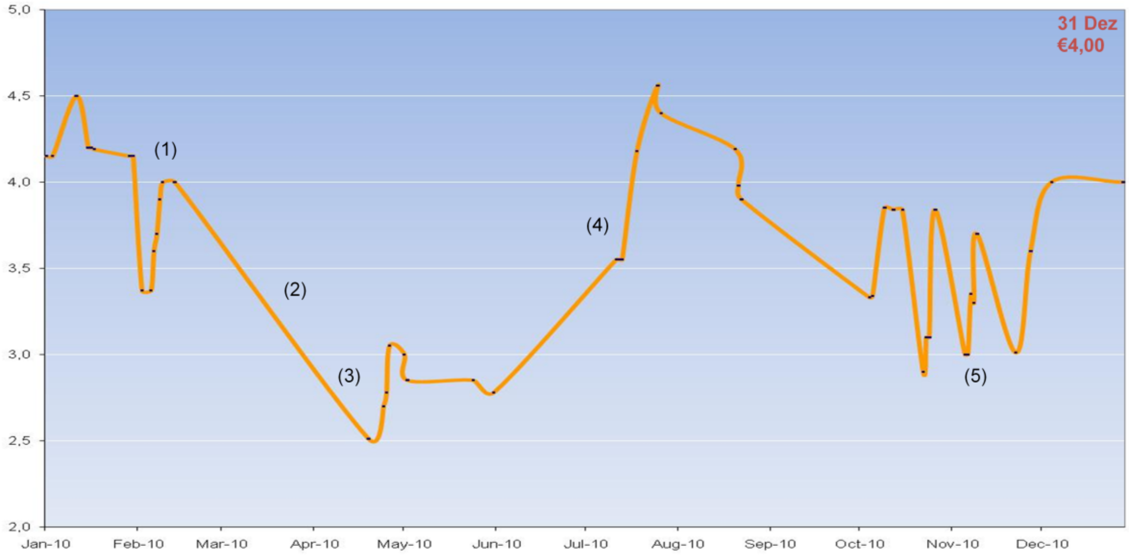
III.4 Amendment of Statutes

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

III.5 Employee participation in the share capital

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

III.6 Share price performance



(1)	11 de Fevereiro – Divulgação de resultados de 2009
(2)	17 de Março – Aprovação pela AG de contas e distribuição de dividendos relativos ao exercício de 2009
(3)	15 de Abril – Divulgação de resultados 1ºTrimestre 2010
(4)	15 de Julho – Divulgação de resultados 1º Semestre 2010
(5)	8 de Novembro – Divulgação de resultados 3ºTrimestre 2010

III.7 Dividend distribution procedures

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

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

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

The Board of Directors will submit to the General Meeting Board a proposal of application of the 2010 results, according to the applicable legal standards.

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

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

In 2007 the amount of distributed dividends was approximately of EUR 61,000,000.00, from available reserves registered on the balance sheet in 31 December 2007.

III.8 Stock options plans

During 2010 there was no stock option plan or any other incentive system on shares.

III.9 Transactions with corporate bodies and related parties

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

During the 2010 financial year, no transactions between Media Capital and the members of its management and supervisory bodies took place which are significant in financial terms for any of the parties involved.

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

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

- Commercial Loan Contracts signed on 12 March 2010 and 1 July 2010, under which TVI – Televisão Independente, S.A. issued loans to Promotora de Informaciones, S.A., with a balance as at 31 December 2010 of EUR 2,625,834.00, as reflected in the accounts and respective notes.
- Cash pooling contract agreed between Plural España and Promotora de Informaciones, S.A. on 5 January 2009 for the sum of EUR 28,203,624.00, with a pending balance as at 31 December 2010 in its favour for the sum of EUR 16,992,020;
- Payment of the 3rd tranche for the acquisition by Promotora de Informações S.A. of all shares representing the equity of Plural Entertainment España, S.L., for the sum of EUR 9,249,979.

During the 2010 financial year, the Company's Supervisory Board did not intervene in the approval of operations performed by holders of qualifying stakes or companies in a holding or group relationship due to their being performed under normal market conditions.

III.10 Annual activity reports

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

III.11 Investor Relations Department

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

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

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

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

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

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

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

III.12 Remuneration and rotation of the Auditor

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

In 2010, Media Capital had a total cost of EUR 523,188.75 with its auditors on a consolidated basis. The breakdown of these costs is as follows:

1. Legal account review services: EUR 310,000.00 (59.25%);
2. Trustworthiness guarantee services: EUR 27,800.00 (5.31%);
3. Tax consultancy services: EUR 158,568.75 (30.31%);
4. Other non-legal account review services: EUR 26,800.00 (5.12%).

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

16 February 2011

The Board of Directors,

Jaime Roque de Pinho D'Almeida (President)

Bernardo Bairrão (CEO)

Manuel Polanco (Director)

Juan Luis Cebrián Echarri (Director)

Luis Miguel Gil Peral (Director)

Juan Herrero Abelló (Director)

Pedro Garcia Guillen (Director)

Tirso Olazábal Cavero (Director)

ANNEX

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-PresidentChairman 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, for the term 2008/2011 and was appointed Chairman of the Media Capital Board of Directors in 12 March 2009.

He is also part of the following companies:

Not part of Media Capital Group:	
▪ TMN – Telecomunicações Móveis Nacionais, SA.	Member of the fiscal board
▪ Saconsult- Consultadoria de Gestão Económica e Financeira Lda.	Manager
▪ IBERSÁ - Consultadoria de Gestão Económica e Financeira, Lda.	Manager
▪ Capinv SA	Director

On 31 December 2010, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Bernardo Manuel Barreira Antunes Velho Bairrão

CEO of Grupo Media Capital.

Mr Bairrão obtained a University Degree in Business from Universidade Católica Portuguesa in 1989. From 1990 and 1994 worked in Banco Internacional de Crédito and in Banco Espírito Santo de Investimento, as a risk analyst and project finance. He joined Media Capital in 1994, as financial sub director of TVI – Televisão Independente, SA. He was appointed Managing Director of TVI in 1998 and, in 2001, became a member of the board of TVI and RETI – Rede Teledifusora Independente, SA.

He was appointed as member of the Media Capital Board of Directors by the General Board on 12 March 2009, for the term 2008/2011 and was appointed CEO at a meeting of the Board of Directors the same day.

He is also part of the following companies:

Grupo Media Capital	
▪ Meglo – Media Global SGPS SA.	Chairman
▪ Media Capital - Serviços de Consultoria e Gestão, SA.	Chairman
▪ Publipartner – Projectos de Media e Publicidade, Lda.	Manager
▪ Media Capital-Editora Multimédia, S.A.	Chairman

▪ Med Cap Technologies - Desenvolvimento e Comercialização de Sistemas de Comunicação, SA.	Chairman
▪ IOL Negócios – Serviços de Internet, SA	Director
▪ Media Capital Entertainment - Produção de Eventos, Lda.	Manager
▪ Farol Música – Sociedade de Produção e Edição Audiovisual, Lda.	Manager
▪ Kimberley Trading, SA.	Chairman
▪ TVI - Televisão Independente, SA.	CEO
▪ RETI – Rede Teledifusora Independente, S.A.	Chairman
▪ CLMC – Multimédia, S.A.	Chairman
▪ Plural Entertainment Portugal, SA	Director
▪ Lúdicodrome – Editora Unipessoal, Lda.	Manager
▪ MCP – Media Capital Produções, SA	Director
▪ Media Capital Produções – Investimentos, SGPS; SA	Director
▪ MCME – Media Capital Musica e Entretenimento, S.A.	Chairman

On 31 December 2010, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Luis Miguel Gil Peral

Member of the Board of Directors.

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.

He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

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
▪ Kimberley Trading, SA.	Director
▪ TVI – Televisão Independente, S.A.	Director
▪ RETI – Rede Teledifusora Independente, S.A.	Director
▪ CLMC – Multimédia, S.A.	Director
▪ Publipartner – Projectos de Media e Publicidade, Lda.	Manager
▪ Lúdicodrome – Editora Unipessoal, Lda.	Manager
▪ MCP – Media Capital Produções, SA	Director
▪ Media Capital Produções – Investimentos, SGPS; SA	Director
▪ MCME – Media Capital Musica e Entretenimento, S.A.	Director
Not part of Media Capital Group:	
▪ Vertix, SGPS, SA.	Director

On 31 December 2010, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Juan Herrero Abelló

Member of the Board of Directors.

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

He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

He is also part of the following companies:

Grupo Media Capital	
▪ Meglo – Media Global SGPS SA.	Director
▪ Media Capital - Serviços de Consultoria e Gestão, SA.	Director
▪ Publipartner – Projectos de Media e Publicidade, Lda.	Manager
▪ Media Capital - Editora Multimédia, SA.	Director
▪ Med Cap Technologies - Desenvolvimento e Comercialização de Sistemas de Comunicação, SA.	Director
▪ IOL Negócios – Serviços de Internet, SA	Chairman
▪ Media Capital Entertainment - Produção de Eventos, Lda.	Manager
▪ Farol Música – Sociedade de Produção e Edição Audiovisual, Lda.	Manager
▪ Kimberley Trading, SA.	Director
▪ TVI - Televisão Independente, SA.	Director
▪ RETI – Rede Teledifusora Independente, S.A.	Director
▪ CLMC – Multimédia, S.A.	Director
▪ Plural Entertainment Portugal, SA	Director
▪ Lúdicodrome – Editora Unipessoal, 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, S.A.	Director
▪ Rádio Comercial, S.A.	Director
▪ R. Cidade – Produções Audiovisuais, S.A.	Director
▪ Rádio Regional de Lisboa – Emissões Radiodifusão, S.A.	Director
▪ Rádio XXI, Lda.	Manager
Not part of Media Capital Group:	
▪ Vertix, SGPS, SA.	Director

On 31 December 2010, 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. In 1991 he was appointed CEO of Santillana editing company in Chile and in Peru, in 1993 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 that of Unidad de Medios España, overseeing Cadena SER rádio and the local TV network where Prisa is a key shareholder Localia TV. 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. Manuel Polanco has been on the board of Prisa since 2001 and the CEO since 2009, and a member of the Executive Board, since 2008.

He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

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
Not part of Media Capital Group:	
▪ Promotora de Informaciones, SA	Director and Member of the Board
▪ Prisa Television, SAU	Chairman
▪ DTS Distribuidora de Television Digital, SAU	Chairman
▪ Chip Audiovisual, S.A.	Director
▪ Prisa Inc	Director
▪ Plural Jempsa, S.L.	CEO
▪ Tesela Producciones Cinamatográficas, S.L.	CEO
▪ Prisa División Internacional, SL.	Director
▪ Diário El País, SL.	Director
▪ PRISA Digital, S.L.	Director
▪ Instituto Universitario de Posgrado, S.A.	Director
▪ Productora Canaria de Programas, S.A.	Director
▪ Sociedad Canaria de Television Regional, S.A.	Director
▪ Plural Entertainment Canarias, SLU	CEO
▪ Plural Entertainment España, SLU	CEO
▪ Diário AS, SL.	Chairman
▪ Rucandio, SA.	Director
▪ Promotora de Publicaciones, SL	Director
▪ Timón, SA.	Vice President
▪ Vertix, SGPS, SA.	Chairman

On 31 December 2010, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Juan Luis Cebrián Echarri

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

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

He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

He is also part of the following companies:

Not part of Media Capital Group:	
▪ Promotora de Informaciones, SA	CEO and Chairman of the Board
▪ Diário El País, SL.	CEO
▪ Prisa División Internacional, SL.	Chairman and CEO (representing Promotora de Informaciones, S.A.)
▪ Prisa Television, SAU	Vice President
▪ Promotora de Publicaciones, SL.	Director
▪ Promotora de Actividades America 2010 S.L.	Chairman
▪ Promotora de Actividades America 2010 Colombia, LTDA	Chairman
▪ Promotora de Actividades America 2010 México, SA de CV	Chairman
▪ Ediciones El Pais, S.L.	Director (representing Diario El Pais SL)
▪ Gestevisión Telecinco, S.A.**	Director

▪ Lambrakis Press, S.A. *	Director
▪ Le Monde, SA. *	Director
▪ Sapri Inversiones 2000 SICAV, SA. *	Chairman
▪ Timón, SA.	Director

*Not Grupo Prisa subsidiaries

** Juan Luis Cebrián was made Member of the Board by the shareholders' general meeting of Gestevisión Telecinco, S.A. on 24 December 2010, having not fulfilled that role till that date

On 31 December 2010, 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.

He was appointed as member of the Board of Directors of Media Capital Group on the 14th of May 2009, for the term 2008/2011.

He is also part of the following companies:

Not part of Media Capital Group:	
▪ Prisa Television, SAU	CEO

On 31 December 2010, 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.

He was appointed as member of the Board of Directors on 5 March 2008, for the term 2008/2011.

He is also part of the following companies:

Not part of Media Capital Group:	
▪ BRISA Auto-estradas de Portugal SA	Member of the fiscal board

On 31 December 2010, he held no shares or voting rights in Grupo Media Capital SGPS, SA.

Consolidated Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

(Translation of consolidated statements of financial position originally issued in Portuguese - Note 42)

ASSETS	Notes	2010	2009
NON-CURRENT ASSETS:			
Goodwill	14	167,113,320	172,740,548
Intangible assets	15	20,320,378	21,452,060
Tangible assets	16	30,644,983	31,114,464
Investments in associates	17	66,273	-
Available-for-sale assets	18	7,632	7,638
Transmission rights and television programs	19	54,593,161	59,525,577
Other non-current assets	20	1,448,325	1,469,839
Deferred tax assets	12	5,543,091	5,334,995
		279,737,163	291,645,121
CURRENT ASSETS:			
Transmission rights and television programs	19	12,167,812	8,902,944
Inventories	21	1,046,937	1,920,822
Trade and other receivables	22	53,328,498	53,593,863
Current tax assets	12	757,665	1,027,492
Other current assets	23	36,197,180	59,943,804
Cash and cash equivalents	24	23,578,879	20,556,456
		127,076,971	145,945,381
TOTAL ASSETS		406,814,134	437,590,502

EQUITY AND LIABILITIES	Notes	2010	2009
EQUITY:			
Share capital	25	89,583,971	89,583,971
Reserves	25	23,123,542	22,494,635
Consolidated net profit for the year		12,399,919	17,611,793
Equity attributable to majority equity holders		125,107,432	129,690,399
Equity attributable to minority equity holders	26	4,022,578	4,520,979
Total equity		129,130,010	134,211,378
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Borrowings	27	32,668,133	115,145,222
Provisions	28	7,868,189	7,144,067
Other non-current liabilities	29	13,554,762	22,147,882
Deferred tax liabilities	12	1,611,670	1,637,538
Derivative financial instruments	33	2,083,497	2,330,220
		57,786,251	148,404,929
CURRENT LIABILITIES:			
Borrowings	27	78,977,739	11,241,114
Trade and other payables	30	73,179,399	76,419,696
Current tax liabilities	12	904,668	1,905,342
Other current liabilities	31	66,836,067	65,408,043
		219,897,873	154,974,195
Total liabilities		277,684,124	303,379,124
TOTAL EQUITY AND LIABILITIES		406,814,134	437,590,502

The accompanying notes form an integral part of the consolidated statements of financial position as of 31 December 2010 and 2009.

THE ACCOUNTANT | THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

(Translation of consolidated statements of profit and loss originally issued in Portuguese - Note 42)

	Notes	2010	2009
OPERATING REVENUE			
Services rendered	8	213,733,528	227,462,103
Sales	8	10,141,278	16,924,684
Other operating revenue	8	25,132,779	23,481,439
Total operating revenue		249,007,585	267,868,226
OPERATING COSTS			
Cost of programs broadcasted and goods sold	9	(25,334,302)	(24,271,093)
Supplies and services		(106,848,423)	(112,625,462)
Personnel costs	10	(67,189,590)	(74,606,697)
Amortisation and depreciation	16	(12,174,172)	(12,526,881)
Provisions and impairment losses	28	(7,929,455)	(3,195,069)
Other operating expenses		(2,225,670)	(3,044,991)
Total operating expenses		(221,701,612)	(230,270,193)
Operating profit		27,305,973	37,598,033
FINANCIAL EXPENSES			
Financial expense		(5,999,719)	(11,352,133)
Financial income		1,031,018	2,189,680
Finance costs, net	11	(4,968,701)	(9,162,453)
Loss on associated companies, net	17	(139,858)	(165,372)
		(5,108,559)	(9,327,825)
Profit before tax		22,197,414	28,270,208
Income tax expense	12	(8,624,284)	(9,568,306)
Consolidated net profit for the year on continuing operations		13,573,130	18,701,902
Attributable to:			
Equity holders of the parent	13	12,399,919	17,611,793
Minority interest	26	1,173,211	1,090,109
		13,573,130	18,701,902
Earnings per share on continuing operations:			
Basic	13	0.1467	0.2084
Diluted	13	0.1467	0.2084

The accompanying notes form an integral part of the consolidated statements of profit and loss for the years ended 31 December 2010 and 2009.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

(Translation of consolidated statements of recognised income and expense
originally issued in Portuguese - Note 42)

	Notes	2010	2009
Consolidated net profit for the year		13,573,130	18,701,902
Effect of the translation of foreign currency operations		(80,250)	20,399
Change in consolidation perimeter and acquisition of minority interest	26	-	(252,211)
Total consolidated profit		13,492,880	18,470,090
Attributable to:			
Equity holders of the parent company		12,319,669	17,379,981
Minority interest	26	1,173,211	1,090,109
		13,492,880	18,470,090

The accompanying notes form an integral part of the consolidated statements of recognised
of comprehensive income for the years ended 31 December 2010 and 2009.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

(Translation of cash flow statements originally issued in Portuguese - Note 42)

	Notes	2010	2009
OPERATING ACTIVITIES:			
Cash receipts from customers		311,720,614	336,654,161
Cash paid to suppliers		(170,203,561)	(162,290,968)
Cash paid to employees		(68,450,506)	(65,697,750)
Cash generated from operations		73,066,547	108,665,443
Other cash received/(paid) relating to operating activities		(47,330,048)	(64,458,141)
Net cash from operating activities (1)		25,736,499	44,207,302
INVESTING ACTIVITIES:			
Cash received relating to:			
The sale of subsidiaries	6	3,000,000	15,250,001
The sale of tangible assets		208,243	449,799
The sale of intangible assets		200,000	17,351,726
Investment subsidies		-	3,218
Interest and similar income		1,745,867	2,816,399
Repayment of loans granted	34	39,816,390	42,950,237
		44,970,500	78,821,380
Cash paid relating to:			
Business concentrations	6 e 34	(9,863,898)	(9,809,938)
Acquisition of tangible assets		(9,354,053)	(7,170,259)
Acquisition of intangible assets		(337,076)	(492,759)
Loans granted	34	(10,850,603)	(64,080,718)
		(30,405,630)	(81,553,674)
Net cash from/(used in) investing activities (2)		14,564,870	(2,732,294)
FINANCING ACTIVITIES:			
Cash received relating to:			
Borrowings		147,109,463	65,588,154
Cash paid relating to:			
Borrowings		(161,866,009)	(66,903,992)
Payment of principal on finance lease contracts		(1,161,790)	(1,372,805)
Interest and other similar expenses		(2,502,339)	(2,500,659)
Dividends	25	(17,086,125)	(20,360,031)
Other financial expenses		(1,772,146)	(2,540,792)
		(184,388,409)	(93,678,279)
Net cash (used in) financing activities (3)		(37,278,946)	(28,090,125)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		3,022,423	13,384,883
Cash and cash equivalents at the begining of the year	24	20,556,456	7,171,573
Cash and cash equivalents at the end of the year	24	23,578,879	20,556,456

The accompanying notes form an integral part of the cash flow statements
for the years ended 31 December 2010 and 2009.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

(Translation of consolidated statements of changes in equity originally issued in Portuguese - Note 42)

	Equity attributable to the equity holders shareholders of the parent				Equity attributable to minority interest	Total equity
	Capital	Reserves (Note 25)	Consolidated net profit for the year	Total		
Balance at 31 December 2008	89,583,971	22,332,906	19,831,572	131,748,449	5,806,896	137,555,345
Appropriation of net profit for the year	-	19,831,572	(19,831,572)	-	-	-
Distribution of dividends (Notes 25 and 26)	-	(19,438,031)	-	(19,438,031)	(1,474,000)	(20,912,031)
Exchange translation difference	-	20,399	-	20,399	-	20,399
Change in the consolidation perimeter and acquisition of minority interest (Note 26)	-	(252,211)	-	(252,211)	(902,026)	(1,154,237)
Consolidated net profit for the year	-	-	17,611,793	17,611,793	1,090,109	18,701,902
Balance at 31 December 2009	89,583,971	22,494,635	17,611,793	129,690,399	4,520,979	134,211,378
Appropriation of net profit for the year	-	17,611,793	(17,611,793)	-	-	-
Distribution of dividends (Notes 25 and 26)	-	(16,902,636)	-	(16,902,636)	(935,765)	(17,838,401)
Exchange translation difference	-	(80,250)	-	(80,250)	-	(80,250)
Change in the consolidation perimeter and acquisition of minority interest (Note 26)	-	-	-	-	(735,847)	(735,847)
Consolidated net profit for the year	-	-	12,399,919	12,399,919	1,173,211	13,573,130
Balance at 31 December 2010	89,583,971	23,123,542	12,399,919	125,107,432	4,022,578	129,130,010

The accompanying notes form an integral part of the consolidated statements of changes in equity for the years ended 31 December 2010 and 2009.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

INTRODUTORY NOTE

Grupo Media Capital, SGPS, S.A. (“Media Capital” or “the Company”) was founded in 1992 and, through its subsidiary and associated companies (“the Group” or “the Media Capital Group”), operates in the businesses of broadcasting and production of television programs and other media business, the direction, production and broadcasting of radio programs and the production and exploitation of cinema and video activities.

These financial statements were approved by the Board of Directors on 16 February 2011 and will be submitted for approval to the Shareholders’ General Meeting which, in accordance with current legislation, can make changes to them.

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.

Television program broadcasting is carried out by TVI – Televisão Independente, S.A. (“TVI”) through a general channel, under a television operating licence. In addition, TVI broadcasts TVI 24, a cable information channel, under television program distribution service contracts with Zon TV Cabo Portugal, S.A., PT Comunicações, S.A., Vodafone Portugal, Comunicações Pessoais, S.A and Cabo Visão, S.A. and more recently TVI Internacional, under an exclusivity regime with the first distributor mentioned.

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 and Plural Entertainment España, S.A. (“Plural España”) in the Spanish and Latin American markets. The operations in this business area are the creation, production, direction and exploitation of television contents and cinema and audiovisual works.

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

MCME – Media Capital Música e Entretenimento, S.A. (“MCME”) is the company that operates in the music business, its subsidiaries operating in the production of video-grams, phonograms, audiovisual and multimedia production, the purchase and sale of cassettes, 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 in areas such as cinema and television, as well as the sale of DVD’s of films for several distribution channels.

Media Capital Editora Multimédia, S.A. (“Multimédia”) operates in the Internet segment, supported by 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).

The 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”), adopted by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

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

2.2 Consolidation principles

The consolidation methods used by the Group were as follows:

a) Controlled companies

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

Where losses attributable to minority interests exceed their respective interest in the equity of controlled companies, the Group absorbs the excess and any additional losses, except where the minority shareholders are required, and have the ability, to cover such losses. Where the subsidiary company subsequently reports profits, the Group appropriates all such profits up to the amount of the losses previously absorbed.

Assets, liabilities and contingent liabilities of controlled companies acquired as from 1 January 2004 are recorded at their 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. Minority interest is recognized in proportion to the fair value of the identified assets and liabilities.

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

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 between 20% and 50%) are recognised 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 recognise 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.

The Group makes periodic valuations of its investments in associated companies to determine if there are impairment losses. Any impairment losses are recognised as cost in the period in which they occur.

Investments in associated companies are listed in Note 5.

c) Investments in other companies

Participations of less than 20%, for which there are no market references, are stated at the lower of cost or estimated realizable value and recognized in the caption “Available-for-sale financial assets.

2.3 Goodwill

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

In compliance with IFRS 3, goodwill is not amortised, impairment losses being 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 Group’s cash-generating units that are expected to benefit from the synergies resulting from the acquisition of the investments. Impairment tests of each cash-generating unit are carried out annually or more frequently when required. If the recoverable amount of the cash-generating unit is less than its book value, the impairment loss is allocated first to the book value of goodwill and then to the book value of the assets of the unit in proportion to their value.

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

2.4 Intangible assets

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

Intangible assets with defined useful lives are amortised on a straight-line basis as from the time they start being used, over the estimated period in which they are expected to generate future benefits.

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). After initial recognition, intangible assets acquired in business combinations are stated at cost less accumulated amortisation, when they have defined periods of useful life, and accumulated impairment losses.

Intangible assets with indefinite useful life are not amortised, but are subject to annual impairment tests.

Audiovisual production rights held by Plural España correspond to the amounts spent on the cinematographic and audiovisual production necessary for the subsequent commercialization of their 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 assets

Tangible 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, the purchase price includes the financing costs directly attributable to the acquisition, construction or production of assets that require a substantial period 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 recognised as a deduction from the cost of the corresponding asset, being 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 assets, are capitalised and depreciated over the estimated period to recover such costs, when it is probable that future financial benefits will be generated by the asset which can be reliably measured.

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 disposal 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, 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
Transportation 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 lease instalments paid are recognised as decreases in the liability and the interest is recognised in the statement of profit and loss for the period to which they correspond.

(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 transmission rights

Television program transmission 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 transmissions and estimated benefits of each transmission.

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

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 is included in Note 35.

2.8 Inventories

Inventories comprising mainly CD's and DVD'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 Balance sheet classification

Assets realisable and liabilities payable within one year from the balance sheet date, or 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 initially recognised at their nominal value net of 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 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 recognised at their nominal value, discounted for possible calculated interest and recognised in accordance with the effective interest rate method.

2.10.4 Borrowings

Borrowings are initially recognised at their 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 balance sheet date.

2.10.5 Derivative financial instruments

The Group has the policy of using derivative financial instruments to hedge the financial risks to which it is exposed, due essentially to changes in interest rates.

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

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

2.10.6 Available-for-sale 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 balance sheet date. Where such assets correspond to equity instruments not listed in 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 a reduction 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 broadcast or published. Quantity discount allowed and bonuses granted are recorded as reductions in revenue in the period to which they relate.

Other revenue refers mainly to support services rendered for the production of television soaps and series, revenue from written message services of television programs (presented in accordance with the corresponding business model) and the exhibition and sale of images, which are recognised when the services are rendered.

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

2.12 Provisions and contingent liabilities

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 of provisions is reviewed and adjusted at each balance sheet 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.

2.13 Impairment of non-current assets except goodwill

Impairment analyses are made at each balance sheet 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 recognised 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 recognised 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 recognised earlier no longer exists. Impairment losses are reversed by corresponding entry to the statement of profit or loss caption “Other operating revenue”.

2.14 Income tax

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

The Group is covered by the special regime for taxation of groups of companies, which covers all the companies in which Vertix SGPS, S.A. (“Vertix”), Media Capital’s parent company, 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 corporate 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 temporary differences are expected to reverse.

Deferred tax assets are only recognised when there is strong expectation that there will be sufficient future taxable profits to use them or in situations in which there are taxable timing differences that offset deductible timing differences in the period they reverse. At each balance sheet 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 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.

2.15 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 balance sheet 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 recognised in the statement of profit and loss when such companies are sold:

(a) Rate of exchange as of the balance sheet date, for the translation of assets and liabilities;
(b)Average exchange rate for the period for the translation of the profit and loss statement captions;
(c) Average exchange rate for the period 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 balance sheet are recorded in the consolidated statement of profit and loss for the period.

2.16 Subsequent events

Events occurring after the balance sheet date that provide additional information on conditions that existed as of that date, are reflected in the consolidated financial statements. Events occurring after the balance sheet 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 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

There were no changes in accounting policies in 2010 in relation to those used to prepare the financial information for 2009 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 that came into effect in years starting on 1 January 2010, that did not have a significant effect on the amounts included in these financial statements. The standards referred to are:

- IFRS 3 (revised in 2008) – Business Combinations;
- IAS 27 (revised in 2008) – Consolidated and Separate Financial Statements;
- IAS 28 (revised in 2008) – Investments in Associates;
- IFRIC 17 – Distributions of Non Cash Assets to Owners;
- IFRIC 18 – Transfer of Assets from Customers;
- Improvements to the IFRS, issued in April 2009.

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 2010 include:

- Useful life of tangible and intangible assets;
- Impairment tests of goodwill and other assets;
- Recording of provisions;
- Volume discounts to be granted.

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 2010 there were no significant changes in the main estimates made by the Group in preparing the financial statements, other than the recording of impairment losses of 5,366,728 Euros in goodwill (Note 14).

In addition, when the Board of Directors approved these financial statements the following standards and interpretations, not yet adopted by the Company, had been issued, their application only being required in subsequent years:

- Improvements to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (years beginning after 1 July 2010);
- Improvements to IFRS 7 – Disclosures – Transfers of Financial Assets (years beginning after 1 July 2011);
- IFRS 9 (revised in 2010) – Financial Instruments (years beginning after 1 January 2013);
- IAS 24 (revised in 2009) – Related Party Disclosures (years beginning after 1 January 2011);
- Improvements to IAS 32 – Classification of Rights Issues (years beginning after 1 February 2010);
- Improvements to IFRIC 14 – Prepayments of a Minimum Funding Requirement (years beginning after 1 January 2011);
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (years beginning after 1 July 2010);
- Improvements to the IFRS (May 2010) (mostly for years starting after 1 January 2011).

Although the impact of adopting the above standards and interpretations in the consolidated financial statements of future years has not been fully assessed, the Board of Directors believes that they will not have a significant impact on the consolidated financial statements.

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 2010 and 2009 are as follows:

Company	Head office	Consolidation method	Effective participating percentage 2010	2009
Grupo Media Capital, SGPS, S.A.	Barcarena	Full	Parent	Parent
MEGLO - Media Global, SGPS, S.A.	Barcarena	Full	100	100
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. ("MC SERVIÇOS")	Barcarena	Full	100	100
Publipartner - Projectos de Media e Publicidade, Unipessoal, Lda. ("Publipartner")	Barcarena	Full	100	100
Med Cap Technologies – Desenvolvimento e Comercialização de Sistemas de Comunicação, S.A. ("MED CAP")	Barcarena	Full	100	100
CLMC – Multimedia, S.A. ("CLMC") (a)	Barcarena	Full	100	90
MCR II - Media Capital Rádios, S.A. ("MCRII")	Barcarena	Full	100	100
R. CIDADE – Produções Audiovisuais, S.A. ("CIDADE")	Lisbon	Full	100	100
RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. ("REGIONAL")	Lisbon	Full	100	100
RÁDIO COMERCIAL, S.A. ("COMERCIAL")	Lisbon	Full	100	100
Rádio XXI, Lda.("XXI")	Lisbon	Full	100	100
MCME - Media Capital Música e Entretenimento, S.A. ("MCME")	Barcarena	Full	100	100
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. ("FAROL")	Barcarena	Full	100	100
MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT")	Barcarena	Full	100	100
Eventos Spot - Agenciamento e Produção de Espectáculos, Lda. ("SPOT") (b)	Barcarena	Full	-	50
KIMBERLEY TRADING, S.A. ("KIMBERLEY")	Barcarena	Full	100	100
TVI – Televisão Independente, S.A. ("TVI")	Barcarena	Full	100	100
RETI – Rede Teledifusora Independente, S.A. ("RETI")	Barcarena	Full	100	100
MEDIA CAPITAL – Editora Multimédia, S.A. ("MULTIMÉDIA")	Barcarena	Full	100	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	Barcarena	Full	100	100
LÚDICODROME - EDITORA, Unipessoal, Lda. ("Ludicodrome")	Barcarena	Full	100	100
UNIDIVISA - Promoção de Projectos de Media, S.A. ("UNIDIVISA")(c)	Barcarena	Full	-	100
MCP - MÉDIA CAPITAL PRODUÇÕES, S.A. ("MCP")	Barcarena	Full	100	100
MEDIA CAPITAL PRODUÇÕES INVESTIMENTOS - SGPS, S.A. ("MCP INVESTIMENTOS")	Barcarena	Full	100	100
PLURAL Entertainment Portugal, S.A. ("PLURAL")	Lisbon	Full	100	100
NBP – Ibérica - Producciones Audiovisuales, S.A.	Madrid (Spain)	Full	100	100
CASA DA CRIAÇÃO – Argumentos para Audiovisual, Lda. ("CASA DA CRIAÇÃO")	Lisbon	Full	100	100
EMAV – Empresa de Meios Audiovisuais, Lda. ("EMAV")	Vialonga	Full	100	100
EPC – Empresa Portuguesa de Cenários, Lda. ("EPC")	Vialonga	Full	100	100
PLURAL Entertainment Brasil, Ltda. ("Plural Brasil") (d)	São Paulo	-	-	100
PLURAL Entertainment España, S.L. ("PLURAL España")	Madrid (Spain)	Full	100	100
PLURAL Entertainment Canarias, S.L. ("PLURAL Canarias")	San Andrés (Spain)	Full	100	100
PLURAL Entertainment Inc. ("PLURAL Entertainment")	Miami (USA)	Full	100	100
TESELA Producciones Cinematográficas, S.L. ("TESELA")	Madrid (Spain)	Full	100	100
Factoría Plural, S.L. ("Factoría")	Zaragoza (Spain)	Full	51	51
Chip Audiovisual , S.A.("CHIP")	Zaragoza (Spain)	Full	50	50
JEMPSA (e)	Madrid (Spain)	-	-	50
Sociedad Canaria de Televisión Regional, S.A.("SOCATER")	Tenerife (Spain)	Full	40	40
Productora Canária de Programas, S.A. ("PCP")	San Andrés (Spain)	Full	40	40

a) All the capital of this company was acquired on 22 March 2010.

b) This company was sold on 1 February 2010.

c) This company was merged into Meglo – Media Global, SGPS, S.A. on 23 October 2010 with accounting and tax effect as of 1 August 2010.

d) On 30 July 2010 the participation in this company passed from 100% to 49% and it stopped being included in the consolidation. This change in participation did not result in a significant effect on the consolidated financial statements.

e) On 1 January 2010 the participation in this company passed from 50% to 19% and it stopped being included in the consolidation. This change in participation did not result in a significant effect on the consolidated financial statements.

5. ASSOCIATED COMPANIES

The associated companies, their head offices and proportion of capital effectively held in them at 31 December 2010 and 2009 were as follows:

Associated companies:

Company	Head office	Effective participating percentage 2010	2009
Plural Brasil (a)	São Paulo	49	-
União de Leiria, SAD (“União de Leiria”) (b)	Leiria	20	20
JEMPSA (c)	Madrid (Spain)	19	-
Nanook – Empresa Europeia de Produção de Documentários, Lda. (“Nanook”) (d)	Lisbon	-	27

These companies were included in the consolidation in accordance with the equity method as explained in Note 2.2.c).

a) On 30 July 2010 the Group stopped having control over this company, only having significant influence over it, having in this period realized a capital increase of 30,064 Euros in it. Therefore, it started being recorded in accordance with the equity method and at 31 December 2010 the investment in this associated company was negative in the amount of 13,438 Euros (Note 28).

b) This investment is fully provided for.

c) On 1 January 2010 the Group stopped having control over this company, the investment being recorded in accordance with the equity method, as explained in Note 3. At 31 December 2010 this investment amounted to 66,273 Euros (Note 17).

d) This company was sold on 1 July 2010.

6. CHANGES IN THE CONSOLIDATION PERIMETER

In the year ended 31 December 2010 there were the following changes in the Group’s consolidation perimeter:

Acquisitions:

Acquisition of 10% of the capital of CLMC for 10,000 Euros, as well as the granting of loans of 230,000 Euros (Note 26) on 22 March 2010, it being part of the Group’s strategy for the development of the audiovisual business.

Sales:

On 1 February 2010 the company Eventos Spot was sold for 1 Euro.
In addition, the brand of this company’s business was acquired (Note 15).

Companies leaving the consolidation perimeter:

As explained in Note 5 (a) and (c) the participation retained in JEMPSA and Plural Brasil started being recorded in accordance with the equity method.

In addition, in 2010 the amount of 3,000,000 Euros was received in accordance with a plan agreed in 2007, at the time of sale of the subsidiary Media Capital Outdoor – Publicidade, S.A..

In the year ended 31 December 2009 there were the following changes in the Group's consolidation perimeter:

Acquisitions:

	Main activity	Date of acquisition	Percentage acquired	Cost
Acquisition of minority interests:				
IOL Negócios	Services, printing and commercialising goods and services electronically	22-06-2009	30.8%	537,657
TESELA	Audiovisual production and distribution	28-02-2009	19.2%	1
Business combinations:				
PCP	Audiovisual production and distribution	01-01-2009	40%	343,855

The acquisition of 30.8% of the capital of IOL is part of the Group's strategy relating to the development of internet business, 187,500 Euros still being payable in the short term.

The acquisition of 19.2% of the capital of Tesela is part of the Group's strategy relating to development of the business of producing contents and was paid in cash on the acquisition date.

The acquisition of 40% of the capital of PCP from Promotora de Emisoras, S.L. is also part of the Group's strategy relating to development of the business of producing contents, the cost thereof was paid in full in 2010.

The assets and liabilities acquired and their cost is made up as follows:

	IOL Negócios	TESELA	PCP
Assets and liabilities acquired	(65,731)	259,001	333,995
Goodwill generated in the acquisition (Note 14)	603,388	-	-
Other operating (income)/ costs (a)	-	(259,000)	9,860
Fair value paid for the acquisition	537,657	1	343,855

(a) Negative Goodwill of 259,000 Euros resulting from the acquisition of the minority shares in TESELA was recognized in the statement of profit and loss (Note 8).

Payments relating to investments in the year ended 31 December 2009 in the amount of 9,809,938 Euros correspond essentially to the second installment of the payment for the acquisition of PLURAL España in the amount of 9,249,979 Euros and 562,500 Euros relating to the acquisition of minority interests in IOL Negócios less cash and cash equivalents of 2,541 Euros in PCP as of the date of acquisition.

Sales:

In 2009 the Group did not sell subsidiaries. Receipts in 2009 relating to the sale of subsidiaries in previous years were as follows:

Written press	8,750,000
Outdoors	2,000,000
	10,750,000

In addition, the amount of 4,500,000 Euros was received as an advance on the purchase and sale contract of RETI (Note 29) and 1 Euro was received from the sale of the associate Transjornal (Note 19).

7. SEGMENT REPORTING

The Group identifies its reporting segments based essentially on the combination of the differences in the products and services and differences in the legal framework of the markets in which it operates. These segments are consistent with the manner in which the Board of Directors manages and controls the business. Therefore, considering these factors, the Group has the following reporting segments:

a) Television

The television segment involves mainly broadcasting by one generalist TV channel (TVI), broadcasting by a paid cable television channel (TVI 24) and broadcasting of an international channel (TVI Internacional).

b) Production

The production segment involves the production, direction and audiovisual distribution and production of programs/series.

c) Entertainment

The entertainment segment involves essentially the recording and sale of music CD’s and DVD’s, the management of artists and promotion of events, as well as cinema and video distribution.

d) Radio

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

e) Others

The Others segment includes essentially internet business (IOL) and the Group’s parent company activities.

The accounting policies used to prepare the segment information are the same as those used by the Group to prepare the consolidated financial statements, as explained in Note 2.

Contribution of the main business segments to the consolidated results for the years ended 31 December 2010 and 2009 was as follows:

2010	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Operating income:								
External services rendered	134,101,751	54,944,021	6,676,624	13,106,832	4,904,300	213,733,528	-	213,733,528
Internal services rendered	1,128,406	35,717,618	252,036	141,489	9,508,428	46,747,977	(46,747,977)	-
External sale of goods and products	-	-	10,141,278	-	-	10,141,278	-	10,141,278
Internal sale of goods and products	-	-	57,469	-	-	57,469	(57,469)	-
Other external operating revenue	22,764,369	1,009,079	361,613	511,148	486,570	25,132,779	-	25,132,779
Other internal operating revenue	579,148	43,401	-	114,853	416,793	1,154,195	(1,154,195)	-
Total operating revenue	158,573,674	91,714,119	17,489,020	13,874,322	15,316,091	296,967,226	(47,959,641)	249,007,585
Operating costs:								
Cost of programs broadcasted	(55,484,101)	-	-	-	-	(55,484,101)	33,825,311	(21,658,790)
Cost of merchandise sold	-	-	(3,675,512)	-	-	(3,675,512)	-	(3,675,512)
Supplies and services	(32,071,119)	(54,220,135)	(17,836,284)	(7,380,089)	(8,596,453)	(120,104,080)	13,255,657	(106,848,423)
Employee benefits	(24,012,803)	(28,803,403)	(1,802,778)	(5,793,827)	(6,776,779)	(67,189,590)	-	(67,189,590)
Amortisation and depreciation	(6,075,557)	(2,983,299)	(157,250)	(2,280,792)	(677,274)	(12,174,172)	-	(12,174,172)
Provisions and impairment losses	(36,722)	(147,760)	(1,983,016)	(3,001,052)	(2,760,905)	(7,929,455)	-	(7,929,455)
Other operating expenses	(1,774,357)	(98,581)	(215,055)	(171,606)	33,929	(2,225,670)	-	(2,225,670)
Total operating costs	(119,454,659)	(86,253,178)	(25,669,895)	(18,627,366)	(18,777,482)	(268,782,580)	47,080,968	(221,701,612)
						-		
Operating profit/(loss)	39,119,015	5,460,941	(8,180,875)	(4,753,044)	(3,461,391)	28,184,646	(878,673)	27,305,973
Finance costs, net								(5,108,559)
Profit before tax								22,197,414
Income tax expense								(8,624,284)
Net profit from continuing operations								13,573,130

2009	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Operating income:								
External services rendered	135,063,267	64,261,782	9,997,720	12,748,131	5,391,203	227,462,103	-	227,462,103
Internal services rendered	1,301,594	42,301,326	190,000	123,954	11,822,336	55,739,210	(55,739,210)	-
External sale of goods and products	-	3,400	16,921,284	-	-	16,924,684	-	16,924,684
Internal sale of goods and products	-	-	5,248	-	-	5,248	(5,248)	-
Other external operating revenue	19,673,409	1,281,607	1,023,127	504,397	998,899	23,481,439	-	23,481,439
Other internal operating revenue	551,285	68,292	2,147	92,337	853,090	1,567,151	(1,567,151)	-
Total operating revenue	156,589,555	107,916,407	28,139,526	13,468,819	19,065,528	325,179,835	(57,311,609)	267,868,226
Operating costs:								
Cost of programs broadcasted	(56,005,677)	(808,050)	-	-	-	(56,813,727)	40,388,177	(16,425,550)
Cost of merchandise sold	-	-	(7,845,543)	-	-	(7,845,543)	-	(7,845,543)
Supplies and services	(30,509,568)	(61,999,624)	(20,822,340)	(6,884,172)	(8,543,596)	(128,759,300)	16,133,838	(112,625,462)
Employee benefits	(24,463,890)	(32,377,557)	(2,828,650)	(6,138,415)	(8,798,185)	(74,606,697)	-	(74,606,697)
Amortisation and depreciation	(5,764,330)	(3,113,978)	(189,963)	(2,345,030)	(1,113,580)	(12,526,881)	-	(12,526,881)
Provisions and impairment losses	(1,044,590)	(432,012)	(1,793,740)	18,075	57,198	(3,195,069)	-	(3,195,069)
Other operating expenses	(822,943)	(45,057)	(1,862,506)	(176,284)	(138,201)	(3,044,991)	-	(3,044,991)
Total operating costs	(118,610,998)	(98,776,278)	(35,342,742)	(15,525,826)	(18,536,364)	(286,792,208)	56,522,015	(230,270,193)
						-		
Operating profit/(loss)	37,978,557	9,140,129	(7,203,216)	(2,057,007)	529,164	38,387,627	(789,594)	37,598,033
Finance costs, net								(9,327,825)
Profit before tax								28,270,208
Income tax expense								(9,568,306)
Net profit from continuing operations								18,701,902

The main variations by business segment for the year ended 31 December 2010 compared to the preceding year were as follows:

a) Television

Total operating income of the television segment increased 1% with publicity income being stable in relation to 2009, although other income increased 11%, benefiting mainly from the so-called value added calls and transmission rights. Operating costs remained similar to the preceding year, following the effort to improve efficiency in all areas, resulting in improved margins.

b) Production

Operating income in Spain decreased, mainly in terms of production for generalist television. This was not offset by the greater activity in (i) management of autonomous television; (ii) international sales; and (iii) sale of cinema rights. Operating income in Portugal also decreased largely due to less income from television production. As a result of the decrease in total activity, despite the decrease in costs, operating results were lower than the preceding year.

c) Entertainment

Total operating income of the segment decreased 38% in 2010, with Music and Events activity decreasing 32% (structural decrease in the market and difficult year in terms of events), while income from Cinema and Video decreased 42%. In the latter case, income from the Video sell-out market decreased for the third year running due to technologies that increasingly place audiovisual contents at the disposal of the consumer at accessible prices (video on demand), as well as increase in illegal downloads and copies.

d) Radio

MCR's publicity income increased 3% in relation to 2009. In accordance with information obtained, in 2010 the radio market relating to media companies and agencies remained stable with MCR having a very significant increase in market share with advertisers. Operating costs of the segment decreased 5% excluding non-recurring costs relating to RCP, due to rationalization started several quarters ago.

e) Others

Publicity income increased 3% in relation to the preceding year due to increase in the volume of internet activity.

The decrease in operating income is due to lower income of the Parent company and shared services, relating to fees charged to the various business units, as well as the gain on the sale of 35% of Transjornal in the second quarter of 2009.

Evolution of operating costs reflects the effort made to reduce costs of the overhead structures.

Additional significant segment reporting information is as follows:

	2010							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Assets, net	267,910,739	141,986,577	15,466,832	37,310,436	294,029,578	756,704,162	(349,890,028)	406,814,134
Liailities	136,883,508	91,087,808	23,245,100	43,673,283	218,845,649	513,735,348	(236,051,224)	277,684,124
Other information:								
Investment in tangible assets (Note 16)	4,111,504	3,599,635	1,738	841,998	862,572	9,417,447	-	9,417,447
Investment in intangible assets (Note 15)	542,506	465,234	269,744	145,097	163,598	1,586,179	-	1,586,179

	2009							
	Television	Production	Entertainment	Radio	Others	Total	Eliminations	Consolidated
Assets, net	262,723,165	139,131,518	28,493,927	42,038,703	292,518,497	764,905,810	(327,315,308)	437,590,502
Liailities	138,324,772	88,310,315	30,068,247	42,885,075	207,507,427	507,095,836	(203,716,712)	303,379,124
Other information:								
Investment in tangible assets (Note 16)	3,333,809	1,492,507	71,841	741,307	598,531	6,237,995	-	6,237,995
Investment in intangible assets (Note 15)	341,889	41,190	-	565,500	1,500	950,079	-	950,079

Information by geographic market for the years ended 31 December 2010 and 2009 is as follows:

	2010		
	Portugal	Other countries	Consolidated
Operating revenue	196,471,944	52,535,641	249,007,585
Operating costs	(173,358,459)	(48,343,153)	(221,701,612)
Net profit from continuing operations	11,083,712	2,489,417	13,573,130
Net assets	345,910,512	60,903,622	406,814,134
Liabilities	254,721,210	22,962,914	277,684,124
Year investment in tangible asssets	8,500,103	917,344	9,417,447
Year investment in intangible asssets	1,156,860	429,319	1,586,179

	2009		
	Portugal	Other countries	Consolidated
Operating revenue	204,699,082	63,169,144	267,868,226
Operating costs	(176,459,275)	(53,810,918)	(230,270,193)
Net profit from continuing operations	11,533,318	7,168,584	18,701,902
Net assets	369,983,015	67,607,487	437,590,502
Liabilities	281,756,061	21,623,063	303,379,124
Year investment in tangible asssets	6,235,995	2,000	6,237,995
Year investment in intangible asssets	908,889	41,190	950,079

8. OPERATING REVENUE BY NATURE

Consolidated operating revenue for the years ended 31 December 2010 and 2009 is made up as follows:

	2010	2009
Services rendered:		
Television advertising	133,784,758	133,917,858
Radio advertising	12,606,829	12,335,428
Advertising by other means	3,225,170	3,070,493
Audiovisual production and complementary services	54,944,021	64,261,782
Others	9,172,750	13,876,542
	213,733,528	227,462,103
Sales:		
CD's	5,511,697	6,094,453
DVD's	4,629,581	10,826,831
Others	-	3,400
	10,141,278	16,924,684
Other operating revenue:		
Written message services	11,801,587	7,598,383
Transmission, and exhibition rights and the sale of images	10,152,484	9,489,912
Gain on the acquisition of minority holdings (Note 6)	-	259,000
Gain on the sale of investments in associates	-	794,068
Other supplementary revenue	3,178,708	5,340,076
	25,132,779	23,481,439

9. COST OF PROGRAMS BROADCASTED AND GOODS SOLD

This caption for the years ended 31 December 2010 and 2009 is made up as follows:

	2010	2009
Programs broadcast	19,525,261	19,183,556
Audiovisual production	-	808,050
Variation of production	2,044,257	(3,560,347)
Goods sold	3,651,834	7,771,276
Materials consumed	112,950	68,558
	25,334,302	24,271,093

10. PERSONNEL COSTS

Personnel costs for the years ended 31 December 2010 and 2009 are made up as follows:

	2010	2009
Wages and salaries	51,734,979	54,963,239
Charges on wages and salaries	11,577,860	12,529,944
Performance bonus (a)	469,035	3,361,764
Severance payments	1,698,736	2,164,861
Labour accident insurance and others	529,275	483,100
Others	1,179,705	1,103,789
	67,189,590	74,606,697

(a) Performance bonus includes the excess of the of the estimate of multi-annual bonuses estimated for 2008 and 2009 that was reversed in 2010 as it was no longer a liability.

The average number of employees, per segment, of the companies included in the consolidation in the years ended 31 December 2010 and 2009, was as follows:

	2010	2009
Television	555	533
Production	744	840
Entertainment	46	60
Radio	152	185
Others	180	187
	1,677	1,805

11. FINANCE COSTS, NET

The caption finance costs, net for the years ended 31 December 2010 and 2009 is made up as follows:

	2010	2009
Financial costs:		
Interest expense (a)	3,791,745	4,866,462
Estimated loss on available-for-sale assets (Note 18)	-	3,344,128
Loss on derivative instruments (Note 33)	1,120,995	2,006,389
Other financial costs	1,086,979	1,135,154
	5,999,719	11,352,133
Financial income:		
Interest income	868,376	1,610,341
Other financial income	162,642	579,339
	1,031,018	2,189,680
	4,968,701	9,162,453

(a) In 2010 and 2009 the Group did not incur financial charges on qualifiable assets, such charges being recognised in profit and loss when incurred. Interest cost incurred in 2010 decreased in relation to 2009 despite the slight increase in rates, as the average amount financed was lower than in the same period of the preceding year.

12. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Grupo Media Capital companies, except for PLURAL España and its subsidiaries, are subject to corporate income tax at the normal rate of 25% (12.5% on taxable profit of up to 12,500 Euros), plus a Municipal Surcharge of 1.5% of the taxable profit subject to and not exempt from Corporate Income Tax, resulting in an aggregate tax rate of about 26.5%. In addition, there is a State Surcharge of 2.5% on taxable profit exceeding 2,000,000 Euros.

In 2010 the company Vértix, parent company of Media Capital, and companies in which it has a direct or indirect participation of at least 90% and meet all the requirements included in article 63 of the Corporate Income Tax Code are covered by a special regime for the taxation of groups of companies. All the Group companies headquartered in Portugal, except for IOL Negócios, which is taxed individually, are covered by this regime

Plural España and its subsidiaries are subject to income tax in accordance with Spanish legislation, at a normal rate of around 30%.

Representation expenses and costs incurred with light passenger vehicles are subject to autonomous taxation at the rate of 10%, irrespective of the existence of tax losses. Allowances and compensation for the use of employees' own vehicles not billed to clients are also subject to the 10% tax.

The Group has tax losses carried forward that result in deferred tax assets as shown in the following tables, calculated in accordance with tax rules currently applicable to the Media Capital Group and the best estimate of the amounts recoverable, considering expected future taxable income, calculated based on business plans prepared with prudent assumptions in line with evolution of the business.

In accordance with current legislation tax losses can be carried forward during a period four years (six years for tax losses incurred prior to 2010) after their occurrence for deduction from tax profits incurred in that period. Tax losses carried forward at 31 December 2010 and 2009 amounted to 14,720,000 Euros and 16,264,000 Euros, respectively, and expire as follows:

	2010	2009
2010	-	1,550,000
2011	4,100,000	4,220,000
2012	6,220,000	6,195,000
2013	1,996,000	1,895,000
2014	2,360,000	2,360,000
2015	44,000	44,000
	14,720,000	16,264,000

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 2007 to 2010, 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.

Following is a reconciliation of the tax rate for the years ended 31 December 2010 and 2009:

(a) Reconciliation of the tax rate

	2010	2009
Profit before tax	22,197,414	28,270,208
Nominal income tax rate	25.00%	25.00%
Estimated tax charge	5,549,354	7,067,552
Permanent differences (i)	1,754,089	237,366
Reversal of impairment of deferred tax assets	-	53,871
Deferred tax assets recovered (ii)	(62,593)	(32,676)
Deferred tax assets recovered (iii)	450,855	510,735
Additional payment/(recovery) of tax	(810,731)	820,880
Impact of reduced rate	(3,125)	24,282
Municipal surcharge	1,585,162	509,867
Change in rate (iv)	161,274	376,429
	8,624,284	9,568,306
Current tax	8,873,503	10,599,130
Deferred tax for the year	(249,219)	(1,030,824)
	8,624,284	9,568,306
Effective tax rate	38.85%	33.85%

(i) These amounts for the years ended 31 December 2010 and 2009 are made up as follows:

	2010	2009
Impairment of goodwill (Note 14)	5,366,728	-
Non tax deductible financial expenses	3,053,455	1,049,761
Non tax deductible amortisation and depreciation	1,040,846	1,074,156
Provisions not considered for the calculation of deferred taxes	399,283	744,773
Net loss on associated companies (Note 17)	139,858	165,372
Part of employee's allowances not tax deductible	104,157	143,432
Fines and other penalties	90,070	141,035
Tax benefits	(1,161,984)	(832,363)
Excess and insufficiency of estimated tax	(826,707)	-
Equity variations	(466,045)	-
Accounting and tax gains and losses	(374,219)	(3,035,238)
Public Share Offering costs	-	(576,392)
Others, net	(349,088)	2,074,928
	7,016,354	949,464
	25.00%	25.00%
	1,754,089	237,366

(ii) This amount corresponds to the utilization of tax losses carried forward not recognized in prior years as they were considered to be not recoverable.

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

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

(b) Temporary differences – changes in deferred taxes

	2010			
	Beginning balances	Increase/ (Reversal)	Changes in consolidation perimeter	Ending balances
Deferred tax assets:				
Provisions	670,314	153,286	(15,255)	808,345
Derivatives	617,508	(123,501)	-	494,007
Loss on available-for-sale assets (Note 18)	886,194	173,806	-	1,060,000
Inter group company margins not recognised	2,525,959	42,525	-	2,568,484
Tax losses carried forward	6,935,566	(22,765)	-	6,912,801
Allowance for deferred tax assets not realisable	(6,300,546)	-	-	(6,300,546)
	5,334,995	223,351	(15,255)	5,543,091
Deferred tax liabilities:				
Inter group company margins not recognised	37,540	(25,680)	-	11,860
Plural Brand (Note 14)	1,590,000	-	-	1,590,000
Revaluation reserves	9,998	(188)	-	9,810
	1,637,538	(25,868)	-	1,611,670

	2009			
	Beginning balances	Changes in consolidation perimeter	Increase/ (Reversal)	Ending balances
Deferred tax assets:				
Provisions	358,133	-	312,181	670,314
Derivatives	387,249	-	230,259	617,508
Loss on available-for-sale assets (Note 18)			886,194	886,194
Inter group company margins not recognised	2,909,844	-	(383,885)	2,525,959
Tax losses carried forward	6,298,714	625,853	10,999	6,935,566
Allowance for deferred tax assets not realisable	(6,300,546)	-	-	(6,300,546)
	3,653,394	625,853	1,055,748	5,334,995
Deferred tax liabilities:				
Inter group company margins not recognised	11,466	-	26,074	37,540
Amortised cost	360	-	(360)	-
Plural brand (Note 14)	-	1,590,000	-	1,590,000
Revaluation reserves	10,788	-	(790)	9,998
	22,614	1,590,000	24,924	1,637,538

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

	2010	2009
Estimated current tax on income for the year (i)	904,668	10,599,130
Third party withholdings and payments on account	-	(8,693,788)
	904,668	1,905,342

(i) As a result of the Group's taxation on a consolidated basis being carried out by Vertix, current income tax for 2010 under that regime, in the amount of 7,968,835 Euros, was recorded as an account payable to that entity (Note 34). The liability for current income tax in the amount of 904,668 Euros corresponds essentially to estimated income tax of PLURAL España.

The debit balances relating to current tax assets correspond to accounts recoverable relating essentially to PLURAL España, in the amount of 757,665 Euros at 31 December 2010 (1,027,492 Euros in 2009).

13. EARNINGS PER SHARE

Earnings per share for the years ended 31 December 2010 and 2009 were calculated considering the following amounts.

	2010	2009
Earnings:		
Profit for purposes of calculating earnings per share of continuing operations	12,399,919	17,611,793
Number of shares		
Average number of shares for purposes of calculating basic and diluted earnings per share	84,513,180	84,513,180
Earnings per share of continuing operations:		
Basic	0.1467	0.2084
Diluted	0.1467	0.2084

14. GOODWILL

The changes in goodwill in the years ended 31 December 2010 and 2009 were as follows:

	2010	2009
Cost:		
Balance at the beginning of the period	173,796,473	177,603,085
Acquisition of minority interests (Note 4)	-	603,388
Allocation of goodwill (a)	-	(4,410,000)
Sale of group companies	(260,500)	-
Balance at the end of the period	173,535,973	173,796,473
Accumulated impairment losses:		
Balance at the beginning of the period	(1,055,925)	(1,055,925)
Impairment recognised in the period (Notes 3 and 28)	(5,366,728)	-
Balance at the end of the period	(6,422,653)	(1,055,925)
Net book value:		
Balance at the beginning of the period	172,740,548	176,547,160
Balance at the end of the period	167,113,320	172,740,548

(a) On 31 March 2009 the Company concluded the process of allocating the amount paid for the fair value of assets and liabilities acquired from PLURAL España in the amount of 17,181,058 Euros, having allocated 6,000,000 Euros to the PLURAL brand (Note 17) and recording the corresponding deferred tax liability in the amount of 1,590,000 Euros (Note 13), which is estimated to have undefined useful life. The brand was valued in 2010 in accordance with the royalties method using a discount rate of 9.2%, no impairment losses having been identified.

Goodwill by business segment at 31 December 2010 and 2009 is as follows:

	2010	2009
Television	97,665,002	97,665,002
Audiovisual production	48,513,601	48,513,601
Entertainment	782,610	3,409,838
Radios	18,643,989	21,643,989
Non reportable segments	1,508,118	1,508,118
	167,113,320	172,740,548

For impairment test purposes, goodwill was distributed to the cash generating units.

This analysis was made based on business plans/financial projections of the various cash generating units, prepared and approved by the management.

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

- Evolution of investment in publicity in the main markets in which the Group operates;
- Audience share;
- Programming costs;
- Evolution of the disk market;
- Overheads

The discounted cash flow method was used, cash flow projections having been prepared for five years and a perpetuity was considered after that. The nominal growth rate used for the perpetuity was 2.5% (3.5% in 2009). The discount rate used for all the cash generating units was 9.2% (8.210% in 2009), 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.

The total annual growth rate of the segments under review for the period of the projections was 4%, 2010 being considered as the base year, while using the same basis EBITDA amounted to 12% and Capex amounted to -9%. The Group believes that the estimates are reasonable, considering that 2010 was an abnormally penalizing year for the market and the initiatives in progress in terms of organic growth, improved efficiency and optimization of the resources.

Impairment of goodwill recognized in 2010 is made up as follows:

Rádios	3.000.000
Entertainment	2.366.728
	5.366.728

The amount relating to radios results from the fact that the discounted cash flows of that activity were below those recorded by the Group.

The amount relating to Entertainment refers exclusively to the sale of DVD's due to reorganization of the sale of videos decided by the Group in 2010.

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 recognised. The Board of Directors believes that the effect of possible variations that could occur in the main assumptions on which the recoverable value of the cash generating units is based, would not imply, as regards all the relevant significant aspects, impairment of the related Goodwill.

15. INTANGIBLE ASSETS

The changes in intangible assets and related accumulated amortisation and impairment losses in the years ended 31 December 2010 and 2009 are as follows:

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands (Notes 6 and 14)	Computer programs	Others (a)	Total
Gross:							
Balance at 31 December 2008	2,387,526	5,030,767	7,434,360	-	-	7,020,583	21,873,236
Changes in consolidation perimeter	-	-	-	-	-	1,378,536	1,378,536
Additions (Note 7)	-	-	-	-	-	950,079	950,079
Translation	-	-	-	-	-	(27,070)	(27,070)
Sales	-	-	-	-	-	(272,426)	(272,426)
Reclassifications (Note 14)	-	-	-	6,000,000	-	5,819,800	11,819,800
Balance at 31 December 2009	2,387,526	5,030,767	7,434,360	6,000,000	-	14,869,502	35,722,155
Changes in consolidation perimeter	-	-	-	-	-	-	-
Additions (Note 7)	-	-	-	269,000	603,196	713,983	1,586,179
Translation	-	-	-	-	-	103,446	103,446
Sales	-	-	-	-	-	-	-
Reclassifications (Note 16)	-	-	-	-	3,324,815	(3,250,874)	73,941
Balance at 31 December 2010	2,387,526	5,030,767	7,434,360	6,269,000	3,928,011	12,436,057	37,485,721

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands	Computer programs	Others (a)	Total
Accumulated amortisation:							
Balance at 31 December 2008	(2,387,526)	(2,097,687)	(7,434,360)	-	-	3,702,798	(8,216,775)
Changes in consolidation perimeter	-	-	-	-	-	(1,353,080)	(1,353,080)
Amortisation for the year (Note 16)	-	(27,840)	-	-	-	(1,935,134)	(1,962,974)
Translation	-	-	-	-	-	(19,070)	(19,070)
Sales	-	-	-	-	-	(25,342)	(25,342)
Balance at 31 December 2009	(2,387,526)	(2,125,527)	(7,434,360)	-	-	370,172	(11,577,241)
Changes in consolidation perimeter	-	-	-	-	-	-	-
Amortisation for the year (Note 16)	-	(48,755)	-	-	(1,023,490)	(1,718,884)	(2,791,129)
Translation	-	-	-	-	-	(104,119)	(104,119)
Sales	-	(34,825)	-	-	-	34,825	-
Balance at 31 December 2010	(2,387,526)	(2,209,107)	(7,434,360)	-	(1,023,490)	(1,418,006)	(14,472,489)

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands (Notes 6 and 14)	Computer programs	Others (a)	Total
Impairment losses:							
Balance at 31 December 2008	-	(2,692,854)	-	-	-	-	(2,692,854)
Additions	-	-		-	-	-	-
Balance at 31 December 2009	-	(2,692,854)	-	-	-	-	(2,692,854)
Additions	-	-	-	-	-	-	-
Balance at 31 December 2010	-	(2,692,854)	-	-	-	-	(2,692,854)

	Prototypes and masters	Audiovisual production rights	ISP assets	Brands (Notes 6 and 14)	Computer programs	Others (a)	Total
Net balance:							
Net book value at 31 December 2009	-	212,386	-	6,000,000	-	15,239,674	21,452,060
Net book value at 31 December 2010	-	128,806	-	6,269,000	2,904,521	11,018,051	20,320,378

(a) These captions include essentially investments in radio transmission rights, which are being amortised over their estimated period of recovery.

16. TANGIBLE ASSETS

The changes in tangible assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2010 and 2009 were as follows:

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Computer equipment	Administrative equipment	Other fixed assets	Fixed assets in progress
Gross amounts:							
Saldo em 31 de Dezembro de 2008	10,446,111	107,899,434	5,124,340	471,197	13,082,469	8,956,827	4,912,962
Changes in consolidation perimeter	-	144,970	-	6,470	3,790	-	-
Acquistions (Note 7)	132,377	4,052,455	93,135	-	490,745	222,761	1,246,522
Sales and write-offs	(453,775)	(5,669,311)	(776,453)	(650)	(75,192)	(73,322)	(47,107)
Transfers	291,600	1,246,783	-	11	226,221	66,641	(4,670,726)
Translation	-	90	-	(460)	80	-	-
Balance at 31 December 2009	10,416,313	107,674,421	4,441,022	476,568	13,728,113	9,172,907	1,441,651
Changes in consolidation perimeter	-	(11,520)	-	-	(2,089)	-	-
Acquistions (Note 7)	196,171	4,909,772	341,112	32,375	431,535	127,941	3,378,541
Sales and write-offs	-	(464,519)	(1,655,995)	-	(34,002)	(46,898)	(35)
Transfers (Note15)	210,648	1,151,114	62,263	-	469,267	260,172	(2,227,405)
Translation	-	5,000	-	-	-	-	-
Balance at 31 December 2010	10,823,132	113,264,268	3,188,402	508,943	14,592,824	9,514,122	2,592,752

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Computer equipment	Administrative equipment	Other fixed assets	Fixed assets in progress
Accumulated depreciation and impairment losses:							
Balance at 31 December 2008	(5,303,798)	(85,879,433)	(3,808,347)	(413,720)	(10,496,820)	(5,856,296)	-
	-	-	-	-	-	-	-
Changes in consolidation perimeter	-	(144,970)	-	(21,000)	10,740	-	-
Depreciation for the year	(647,581)	(6,249,540)	(650,485)	1,292	(1,226,794)	(1,790,799)	-
Decreases due to sales and write-offs	473,727	4,970,981	689,694	(21,752)	57,932	67,470	-
Translation	-	208	-		2,760	-	-
Balance at 31 December 2009	(5,477,652)	(87,302,754)	(3,769,138)	(455,180)	(11,652,182)	(7,579,625)	-
Changes in consolidation perimeter	-	960	-	-	1,075	-	-
Depreciation for the year	(683,596)	(6,332,943)	(404,398)	(7,450)	(1,046,365)	(908,291)	-
Decreases due to sales and write-offs	-	138,231	1,566,660	-	32,209	44,979	-
Translation	-	(4,000)	-	-	-	-	-
Balance at 31 December 2010	(6,161,248)	(93,500,506)	(2,606,876)	(462,630)	(12,665,263)	(8,442,937)	-

	Land, buildings and other constructions	Machinery and equipment	Transport equipment	Computer equipment	Administrative equipment	Other fixed assets	Fixed assets in progress
Net book value:							
Net book value at 31 December 2009	4,938,661	20,371,667	671,884	21,388	2,075,931	1,593,282	1,441,651
Net book value at 31 December 2010	4,661,884	19,763,762	581,526	46,313	1,927,561	1,071,185	2,592,752

Amortisation and depreciation recognised in the statements of profit and loss for 2010 and 2009 is made up as follows:

	2010	2009
Depreciation of tangible assets	9,383,043	10,563,907
Amortisation of intangible assets (Note 15)	2,791,129	1,962,974
	12,174,172	12,526,881

17. INVESTMENTS IN ASSOCIATES

The changes in investments in associates in 2010 were as follows:

	Investments in associates
Balance at 31 December 2009	-
Change in consolidtion perimeter (Note 5 c.) (a)	192,693
Application of the equity method	(126,420)
Balance at 31 December 2010	66,273

(a) This amount corresponds to the interest in JEMPSA and Plural Brasil resulting from the loss of control over the companies in the amounts of 149,943 Euros and 42,750 Euros, respectively.

As a result of applying the equity method of accounting in 2010 to JEMPSA and Plural Brasil and in 2009 to Transjornal up to the time of its sale and to Nanook – Empresa Europeia de Produção de Documentários, Lda. (a company in which the Group had a 27% participation and significant influence as a result of the agreements entered into) and recognition of the estimated losses, the following movement was recorded in the caption "Loss on associated companies, net" in the years ended 31 December 2010 and 2009:

	Gain/(loss) on associated companies	
Company	2010	2009
Nanook	-	51,718
Transjornal	-	(217,090)
JEMPSA	(83,670)	-
Plural Brasil (a)	(56,188)	-
	(139,858)	(165,372)

(a) This amount includes additional estimated losses of 13,438 Euros (Note 28)

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The changes in this caption in the years ended 31 December 2010 and 2009 were as follows:

Balance at 31 December 2008	8,905,006
Write-offs (a)	(8,897,368)
Balance at 31 December 2009	7,638
Write-offs	(6)
Balance at 31 December 2010	7,632

(a) On 27 July 2007 TVI subscribed for participating units representing 12.05% of a special cinema and audiovisual investment fund, founded in the terms of Ministerial Order 277/2007 of 14 March, reserved for the participants:

the State, ZON Multimédia, Serviços de Telecomunicações e Multimédia, SGPS, RTP – Rádio e Televisão de Portugal, S.A., SIC – Sociedade Independente de Comunicação, S.A. and TVI.

The objective of the fund is to invest in cinema; audiovisual and multi-platform works aimed at broadening their operations so as to increase and improve supply and increase the potential value of these productions, with the ultimate purpose of stimulating and developing cinema and audiovisual art.

The multi annual investment contract signed by TVI with the Ministry of Culture, which establishes the conditions for investing in the fund, establishes the possibility of TVI renouncing the contract, without penalties, as from the second year of the contract. On 24 June 2009 the Company exercised its right to renounce the contract, therefore TVI is no longer liable to make the investments in the remaining years of the fund or its renewal. Consequently, the Company reversed the participating units to be acquired after the renouncement and the corresponding account payable, having recognised an impairment loss of 3,344,128 Euros (Note 11) on the remaining participating units, the related deferred tax asset of which corresponds to 1,060,000 Euros (Note 12). .

19. TRANSMISSION RIGHTS

Transmission rights at 31 December 2010 and 2009 are made up as follows:

Natureza	2010	2009
Entertainment	3,525,912	1,584,603
Films	9,250,094	16,325,421
Soaps	49,490,758	44,269,812
Series	4,016,330	5,798,315
Sport	310,000	-
Other	167,879	450,370
	66,760,973	68,428,521
Non-current assets	54,593,161	59,525,577
Current assets	12,167,812	8,902,944
	66,760,973	68,428,521

20. OTHER NON-CURRENT ASSETS

This caption at 31 December 2010 and 2009 is made up as follows:

	2010	2009
Radio expansion project	27,200	100,542
Tesela's film producers	873,467	948,138
Others	547,658	421,159
	1,448,325	1,469,839

21. INVENTORIES

This caption at 31 December 2010 and 2009 is made up as follows:

	2010			2009		
	Gross	Accumulated impairment losses (Note 28)	Net	Gross	Accumulated impairment losses (Note 28)	Net
Raw, subsidiary and consumable materials	72,956	-	72,956	86,639	-	86,639
Merchandise	1,639,459	(665,478)	973,981	3,264,927	(1,430,744)	1,834,183
	1,712,415	(665,478)	1,046,937	3,351,566	(1,430,744)	1,920,822

22. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2010 and 2009 is made up as follows:

	2010			2009		
	Gross	Accumulated impairment losses (Note 28)	Net	Gross	Accumulated impairment losses (Note 28)	Net
Customers	43,889,703	(8,188,353)	35,701,350	51,932,180	(7,212,643)	44,719,537
Related party receivables (Note 34) (a)	14,928,488	-	14,928,488	4,751,339	-	4,751,339
Amounts to be invoiced	2,698,660	-	2,698,660	4,122,987	-	4,122,987
	61,516,851	(8,188,353)	53,328,498	60,806,506	(7,212,643)	53,593,863

(a) In 2010 the increase in this caption results essentially from the balance of Sociedade General de Televisión Cuatro, S.A..

23. OTHER CURRENT ASSETS

This caption at 31 December 2010 and 2009 is made up as follows:

	2010			2009		
	Gross	Accumulated impairment losses (Note 28)	Net	Gross	Accumulated impairment losses (Note 28)	Net
State and other public entities (Note 32)	2,884,331	-	2,884,331	3,304,777	-	3,304,777
Sundry debtors	21,841,077	(17,232,375)	4,608,702	23,999,907	(17,232,375)	6,767,532
Accounts receivable from related parties (Note 34)	25,068,166	-	25,068,166	45,640,145	-	45,640,145
Prepayments	3,635,981	-	3,635,981	4,231,350	-	4,231,350
	53,429,555	(17,232,375)	36,197,180	77,176,179	(17,232,375)	59,943,804

24. CASH AND CASH EQUIVALENTS

This caption at 31 December 2010 and 2009 is made up as follows:

	2010	2009
Demand bank deposits	23,363,173	20,302,584
Cash	215,706	253,872
	23,578,879	20,556,456

25. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The Company's fully subscribed and paid up capital at 31 December 2010 consisted of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2010 MEDIA CAPITAL's capital was held by the following shareholders:

	Shares	Percentage
Vértix, SGPS, S.A. ("VERTIX")	80,027,607	94.69
Others, less than 10%	4,485,573	5.31
	---------------	---------
	84,513,180	100.00
	=========	=====

Legal reserve: 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. This 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. At 31 December 2010 and 2009 the legal reserve amounted to 2,814,684 Euros and 2,784,918 Euros, respectively.

The Shareholders' General Meeting held on 17 March 2010 approved the distribution of dividends totalling 16,902,636 Euros (19,438,031 Euros in 2009).

26. EQUITY ATTRIBUTABLE TO MINORITY INTEREST

The changes in this caption in the years ended 31 December 2010 and 2009 were as follows:

Balance at 31 December 2008	5,806,896
Dividends	(1,474,000)
Changes of perimeter and acquisition of minority interests	(902,026)
Net profit attributable to minority interests	1,090,109
Balance at 31 December 2009	4,520,979
Dividends (b)	(935,765)
Changes of perimeter and acquisition of minority interests (a)	(735,847)
Net profit attributable to minority interests	1,173,211
Balance at 31 December 2010	4,022,578

(a) The distribution of dividends in 2010 corresponds to minority interests in the following companies:

Factoria Plural	(306,565)
Chip audiovisual	(400,000)
Socater	(229,200)
	(935,765)

(b) The change in the consolidation perimeter and acquisition of minority interests corresponds to the following companies:

CLMC (Note 6)	(230,000)
Eventos Spot (Note 6)	90,528
Socater (i)	(600,000)
Productora Canaria	3,625
	(735,847)

(i) This variation corresponds to a capital decrease made by Socater in 2010.

Minority interest reflected on the consolidated statement of financial position corresponds to the following companies:

	2010	2009
CHIP	1,429,489	1,227,394
FACTORÍA	276,954	272,080
SOCATER	1,531,800	2,211,227
CLMC	-	230,000
PCP	784,335	670,807
SPOT	-	(90,529)
	4,022,578	4,520,979

Minority interest reflected in the consolidated statements of profit and loss for the years ended 31 December 2010 and 2009 corresponds to the following companies:

	2010	2009
CHIP	602,094	605,709
TESELA	-	21,510
FACTORÍA	311,439	110,565
SOCATER	144,600	224,027
PCP	115,078	169,812
IOL Negócios	-	55,697
SPOT	-	(97,211)
	1,173,211	1,090,109

27. BORROWINGS

This caption at 31 December 2010 and 2009 is made up as follows:

	2010				2009			
	Book value		Nominal value		Book value		Nominal value	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Bank loans (a)	77,948,991	31,594,223	78,130,379	31,594,223	10,290,010	113,806,461	10,371,632	113,806,461
Finance lease creditors (b)	1,028,748	1,073,910	1,028,748	1,073,910	951,104	1,338,761	951,104	1,338,761
	78,977,739	32,668,133	79,159,127	32,668,133	11,241,114	115,145,222	11,322,736	115,145,222

(a) This amount includes a medium and long term commercial paper program in Euros contracted with four financial institutions, starting in February 2007 after restructuring the Group's borrowings, to finance the acquisition of investments and current operations.

The nominal amount drawn, total contracted and repayment plan at 31 December 2010 are as follows:

	31 December 2010	Total contracted
Commercial paper	101,500,000	121,500,000
	=========	==========

The repayment plan is as follows:

2011	70,500,000
2012	51,000,000
	121,500,000

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. At 31 December 2010 the spread was 1.135%.

The commercial paper program contracted establishes advance repayment of the loan in the event of non compliance with certain covenants, relating essentially to ownership of the capital in situations of loss of control of the Group by Prisa (50.1%) and financial performance, which at 31 December 2010 were being complied with.

This caption also includes two guaranteed current accounts with BCP and BES to support short term treasury needs in the amounts of 5,000,000 Euros and 10,000,000 Euros, respectively, which bear interest at the Euribor 1M plus a spread of 3.25% and, in the case of BES, management commission of 0.5%, of which 5,000,000 Euros has been drawn.

In addition, this caption includes a loan of TESELA of 2,202,821 Euros from two Spanish cinema production credit institutions, which bears interest at the 6 month Euribor rate plus a variable spread of between 0.5% and 0.75%, and is repayable as follows:

2011	1,608,598
2012	594,223
	2,202,821

This caption also includes guaranteed current accounts of CHIP with two Spanish financial institutions, with a utilization limit of 2,000,000 Euros, which bear interest at the 12 month Euribor rate plus a spread of 2.5%. The amount drawn on these guaranteed accounts at 31 December 2010 was 1,021,779 Euros which is repayable in full in 2011.

At 31 December 2010 and 2009 the Media Capital Group had the following assets under finance lease:

	2010		
	Cost	Accumulated depreciation	Net
Machinery and equipment	4,379,690	(2,156,262)	2,223,428
Transport equipment	631,831	(574,908)	56,923
Administrative equipment	305,397	(305,397)	-
Other tangible assets	185,930	(171,985)	13,945
	5,502,848	(3,208,552)	2,294,296

	2009		
	Cost	Accumulated depreciation	Net
Machinery and equipment	4,199,890	(1,345,084)	2,854,806
Transport equipment	1,378,726	(1,244,010)	134,716
Administrative equipment	305,397	(262,057)	43,340
Other tangible assets	185,930	(153,392)	32,538
	6,069,943	(3,004,543)	3,065,400

The lease installments not yet due are payable as follows:

	2010	2009
2010	-	951,104
2011	1,028,748	-
	1,028,748	951,104
2011	-	850,371
2012	638,948	488,390
2013	160,961	-
2014	153,097	-
2015	120,904	-
	1,073,910	1,338,761

28. PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

The changes in provisions in the years ended 31 December 2010 and 2009 were as follows:

	Taxes	Restructuring	Legal processes in progress	Losses on investments (Note 5)	Total
Balance at 31 December 2008	2,478,140	-	4,146,716	683,463	7,308,319
Increases	63,210	-	913,194	217,090	1,193,494
Sales	-	-	-	(900,553)	(900,553)
Decreases	-	-	(300,608)	-	(300,608)
Utilisation	(7,827)	-	(148,758)	-	(156,585)
Balance at 31 December 2009	2,533,523	-	4,610,544	-	7,144,067
Increases	40,800	1,296,620	348,297	13,438	1,699,155
Decreases	-	-	(583,394)	-	(583,394)
Utilisation	(13,127)	-	(378,512)	-	(391,639)
Balance at 31 December 2010	2,561,196	1,296,620	3,996,935	13,438	7,868,189

The provision for taxes is to cover estimated tax payable in the future.

The provision for restructuring is to cover liabilities for future payments relating to reorganization of the video activity (Note 14).

The increase in the caption loss on investments relates to Plural Brasil (Note 5).

The changes in impairment losses in the years ended 31 December 2010 and 2009 were as follows:

	Inventories (Note 21)	Trade and other receivables (Note 22)	Other current assets (Note 23)	Total
Balance at 31 December 2008	117,053	6,919,670	17,342,363	24,379,086
Increases	1,460,469	1,228,972	35,326	2,724,767
Decreases	-	(205,494)	-	(205,494)
Utilisation	(146,778)	(730,505)	(145,314)	(1,022,597)
Balance at 31 December 2009	1,430,744	7,212,643	17,232,375	25,875,762
Increases	158,189	1,965,192	-	2,123,381
Decreases	(151,478)	(511,499)	-	(662,977)
Utilisation	(771,977)	(477,983)	-	(1,249,960)
Balance at 31 December 2009	665,478	8,188,353	17,232,375	26,086,206

Provisions and impairment losses recognised in the years ended 31 December 2010 and 2009 were as follows:

	2010	2009
Taxes	40,800	63,210
Restructuring	1,296,620	-
Litigation in process	(235,097)	612,586
	1,102,323	675,796
Inventories	6,711	1,460,469
Trade and other receivables	1,453,693	1,023,478
Other current assets	-	35,326
Impairment of goodwill (Note 14)	5,366,728	-
	6,827,132	2,519,273
	7,929,455	3,195,069

The increase in impairment losses on trade receivables in 2010 is due essentially to the DVD sales business (Note 14).

29. OTHER NON-CURRENT LIABILITIES

This caption and the corresponding payment plan at 31 December 2010 and 2009 were as follows:

	2010	
	2012	Total
Accounts payable to related parties (Note 34)	9,054,762	9,054,762
Advance on account of the sale of RETI (a)	4,500,000	4,500,000
	13,554,762	13,554,762

	2009		
	2011	2012 and subsequent years	Total
Accounts payable to related parties (Note 34)	7,742,333	9,905,549	17,647,882
Advance on account of the sale of RETI (a)	-	4,500,000	4,500,000
	7,742,333	14,405,549	22,147,882

(a) The Group entered into a purchase and sales contract relating to the sale of RETI for 7,866,112 Euros in 2012, under which it received advances totalling 4,500,000 Euros which, if the operation is not realized, is repayable in a single instalment.

30. TRADE AND OTHER PAYABLES

This caption at 31 December 2010 and 2009 was made up as follows:

	2010	2009
Current supliers	30,562,961	41,596,419
Accounts payable to related parties (Note 34)	2,711,849	1,877,543
Accrued costs:		
Accrued trade discounts	21,913,785	20,039,366
Program broadcasting costs	4,160,071	2,018,275
Other external supplies and services	2,235,060	2,483,268
Authors' rights and royalties	3,592,122	3,280,540
Sales returns	2,102,260	1,340,123
Other	5,901,291	3,784,162
	73,179,399	76,419,696

31. OTHER CURRENT LIABILITIES

This caption at 31 December 2010 and 2009 is made up as follows:

	2010	2009
Suppliers of fixed assets	2,051,023	2,707,751
Sundry creditors:		
Personnel remuneration (a)	9,697,291	12,758,139
Factoring advances	9,500,000	9,500,000
Others	638,788	868,028
FICA (Note 18)	1,500,000	1,500,000
State and other public entities (Note 32)	14,361,110	13,883,568
Accounts payable to related parties (Note 34)	20,304,609	11,182,217
Deferred revenue	8,783,246	13,008,340
	66,836,067	65,408,043

(a) As explained in Note 10, the decrease results essentially from a decrease in the liability for performance bonuses.

32. STATE AND OTHER PUBLIC ENTITIES

This caption at 31 December 2010 and 2009 is made up as follows:

	2010		2009	
	Receivable (Note 25)	Payable (Note 33)	Receivable (Note 25)	Payable (Note 33)
Value Added Tax	2,884,331	8,160,207	3,161,568	7,673,685
Social Security contributions	-	2,150,443	-	2,260,896
Personal Income Tax	-	2,563,245	121,859	2,331,261
Instituto Português de Arte Cinematográfica e Audiovisual/Cinemateca Portuguesa	-	1,359,456	-	1,438,640
Liabilities included in tax payment plans	-	-	-	149,549
Others	-	127,759	21,350	29,537
	2,884,331	14,361,110	3,304,777	13,883,568

33. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2010 and 2009 the Group had derivative financial instruments essentially for the purpose of hedging exposure to changes in interest rates. Financial instruments of this kind are contracted after careful analysis of the risks and benefits of this type of operation. Such operations are subject to prior approval by the Board of Directors. The fair value of these instruments is determined on a regular periodic basis throughout the year so as to continuously evaluate them and their respective financial implications.

At 31 December 2010 the Group had interest rate swaps contracted to hedge interest rate risk on part of its loans. The market value of the liability at 31 December 2010 was 2,083,497 Euros (2,330,220 Euros at 31 December 2009). The cost of the derivatives for the year ended 31 December 2010 was 1,367,718 Euros (1,137,488 Euros in 2009).

The derivatives are made up as follows:

Rate	Maturity	Notional	Fair value
3,25% - 4,99%	20-12-2012	50,000,000	2,083,497

The financial instrument will be held by the Group up to its maturity and so its market value was classified as a non-current liability.

These derivatives are stated at fair value as of the balance sheet date, determined based on valuations made by financial institutions. Changes in fair value are reflected on the statement of profit and loss caption “Finance costs, net” (Note 11), as follows:

	2010	2009
Financial charges	1,367,718	1,137,488
Variations in fair value	(246,723)	868,901
	1,120,995	2,006,389

34. BALANCES AND TRANSACTIONS WITH RELATED COMPANIES

The balances at 31 December 2010 and 2009 and transactions for the years then ended with related companies excluded from consolidation were as follows:

	2010				
	Trade and other receivables (Note 22)	Other current assets (Note 23)	Suppliers (Note 30)	Other current liabilities (Note 31)	Other non-current liabilities (Note 29)
Sociedade General de Televisión Cuatro S.A. (c)	9,689,528	-	8,771	-	-
Sogecable, S.A. (c)	2,860,789	-	390,477	21,972	-
Promotora General de Revistas, S.A.	682,758	193,494	13,974	23,092	-
Box News Publicidad, S.L.	444,997	-	188,008	-	-
Diario AS,S.L	396,458	-	-	-	-
Plural - Jempsa, S.L.	349,936	2,538	-	1,063	-
Santillana Ediciones Generales, S.L.	218,493	-	-	-	-
Prisa Innova, S.A.	105,468	4,231	-	-	-
PLANET EVENTS, S.A	103,935	-	-	-	-
Promotora de Emisoras de Televisión, S.A.	34,036	-	23,710	672	-
Unión Radio Del Pirineu, S.A.	16,977	-	-	-	-
Diario El Pais, S.L.	14,514	392	-	-	-
Sociedade Española de Radiodifusión, S.A.	3,144	-	51,681	701	-
Sogecable Media SL	3,068	-	-	-	-
CANAL 4 NAVARRA, S.L.	2,095	-	-	-	-
Compañia Indipendiente de Noticias de Televisión	1,133	-	-	-	-
SOGECABLE MÚSICA, S.L.	868	-	-	-	-
Promotora de Informaciones, S.A. ("Prisa") (a) (b)	291	20,076,537	1,866,511	12,710,108	9,054,762
Vertix (d)	-	4,534,234	-	7,360,023	-
PLURAL Brasil	-	181,920	-	-	-
União de Leiria SAD	-	74,820	-	-	-
RADIO CLUB CANARIAS, S.A.	-	-	57,623	-	-
Unión de Radio Corporativos, S.A.	-	-	55,872	-	-
Prisa Digital, S.L.	-	-	28,462	-	-
Gran Vía Musical de Ediciones, S.L.	-	-	13,855	-	-
LOCALIA TV MADRID, S.A.	-	-	12,059	-	-
Constancia Editores, S.A.	-	-	591	-	-
Productora de Televisión de Salamanca, S.A.	-	-	174	-	-
PLAY Entertainment	-	-	81	-	-
Algarra, S.A.	-	-	-	170,001	-
Societat de Comunic. Y Public, S.A.	-	-	-	16,977	-
	14,928,488	25,068,166	2,711,849	20,304,609	9,054,762

	2010				
	Sales	Services rendered	Other operating income	Financial income	External supplies and services
Prisa Innova, S.A.	(37,073)	625	-	-	-
Sogecable, S.A.	-	1,225,639	4,696	-	739,557
Promotora General de Revistas, S.A.	-	587,341	174,183	-	20,930
Diario AS,S.L	-	168,599	-	-	-
Planet Events, S.A.	-	135,963	-	-	-
Plural - Jempsa, S.L.	-	56,414	77,612	-	-
Box News Publicidad, S.L.	-	33,786	-	-	-
Santillana Ediciones Generales, S.L.	-	22,514	-	-	-
Sociedade Española de Radiodifusión, S.A.	-	2,400	-	-	14,999
Vertix	-	-	8,916	-	-
Prisa	-	-	-	803,591	2,009,119
Plural Brasil	-	-	-	2,447	-
Unión de Radio Corporativos, S.A.	-	-	-	-	57,820
Prisa División Inmobiliária, S.L.	-	-	-	-	15,895
Prisa Digital, S.L.	-	-	-	-	15,320
RADIO CLUB CANARIAS, S.A.	-	-	-	-	9,978
Promotora de Emisoras de Televisión, S.A.	-	-	-	-	5,534
Localia TV Madrid	-	-	-	-	7,116
Santilhana Editores,SA	-	-	-	-	591
	(37,073)	2,233,281	265,407	806,038	2,896,859

	2009				
	Trade and other receivables (Note 22)	Other current assets (Note 23)	Suppliers (Note 30)	Other current liabilities (Note 31)	Other non-current liabilities (Note 29)
Sogecable, S.A.	2,691,296	-	4,926	-	-
Prisa (a) (b)	483,181	45,522,936	1,323,247	10,393,953	17,647,882
Box News Publicidad, S.L.	441,211	-	140,873	-	-
Promotora General de Revistas, S.A.	308,013	65,546	23,721	13,826	-
Málaga Altavisión, S.A.	293,078	-	-	-	-
Diario AS,S.L	197,511	-	-	-	-
Santillana Ediciones Generales, S.L.	138,394	-	-	-	-
Prisa Innova, S.A.	100,646	4,231	-	-	-
Promotora de Emisoras de Televisión, S.A.	37,001	-	21,551	-	-
Plural - Jempsa, S.L.	29,170	-	-	218,683	-
Unión Radio Del Pirineu, S.A.	16,976	-	-	-	-
Diario El Pais, S.L.	14,514	781	(327)	-	-
Sociedade Española de Radiodifusión, S.A.	348	-	31,847	-	-
Nanook	-	40,829	-	-	-
Vertix	-	5,822	-	210,988	-
Promotora de Emisoras, S.L.(c)	-	-	-	343,855	-
Algarra, S.A.	-	-	170,001	-	-
Unión de Radio Corporativos, S.A.	-	-	58,935	-	-
Antena 3 de Radio, S.A.	-	-	57,122	-	-
Societat de Comunic. Y Public, S.A.	-	-	16,977	-	-
Gran Vía Musical de Ediciones, S.L.	-	-	13,857	-	-
Prisa Digital, S.L.	-	-	9,554	-	-
Unión de Televisiones Gallegas, S.A.	-	-	2,436	-	-
Ferrolvisión, S.L.	-	-	1,067	-	-
Productora de Televisión de Salamanca, S.A.	-	-	444	-	-
Televisión Pontevedra, S.A..	-	-	418	-	-
Canal Gasteiz, S.L.	-	-	418	-	-
Mercahndising On Stage, S.L.	-	-	395	-	-
PLAY Entertainment	-	-	81	-	-
Constancia Editores, S.A.	-	-	-	912	-
	4,751,339	45,640,145	1,877,543	11,182,217	17,647,882

	2009						
	Sales	Services rendered	Other operating income	Financial income	Cost of sales	External supplies and services	Financial costs
Sogecable, S.A.	3,400	22,591,659	222,211	-	181,350	165,078	-
Promotora General de Revistas, S.A.	-	668,206	148,041	-	-	54,565	-
Promotora de Emisoras de Televisión, S.A.	-	394,544	-	-	-	291,201	-
Diario AS,S.L	-	170,268	-	-	-	-	-
Santillana Ediciones Generales, S.L.	-	139,175	-	-	-	-	-
Planet Events, S.A.	-	60,720	-	-	-	-	-
Prisa	-	16,609	-	1,450,640	-	1,404,988	-
Prisa Innova, S.A.	-	13,603	4,000	-	-	-	-
Transjornal	-	12,860	-	24,205	-	70,709	-
Diario El Pais, S.L.	-	12,512	-	-	-	1,010	-
Sociedade Española de Radiodifusión, S.A.	-	2,700	29,488	-	-	64,965	-
Box News Publicidad, S.L.	-	(22,380)	-	-	-	-	-
Unión de Radio Corporativos, S.A.	-	-	-	-	-	366,810	-
Prisa División Inmobiliária, S.L.	-	-	-	-	-	225,317	-
Gran Vía Musical de Ediciones, S.L.	-	-	-	-	-	840	-
Radio Zaragoza, S.A.	-	-	-	-	-	550	-
PLAY Entertainment	-	-	-	-	-	29	-
Plural - Jempsa, S.L.	-	-	-	-	-	-	9,280
	3,400	24,060,476	403,740	1,474,845	181,350	2,646,062	9,280

The more significant balances with related parties at 31 December 2010 are as follows:

Promotora de Informaciones, S.A.

(a) The accounts receivable correspond essentially to a cash pooling contract with PLURAL España totalling 16,992,020 Euros, which bears interest at the Euribor one month rate plus a spread of 0.1% and includes a loan granted of 2,625,834 Euros repayable in one month, renewable for the same period, which is remunerated at the rate of 5.35%.

(b) Accounts payable include the amount of approximately 18,500,000 Euros relating to the purchase of of Plural Entertainment España, which does not bear interest. As a result of that purchase, in 2010 the amount of 9,249,979 Euros was paid to that entity.

Sociedade General de Televisión Cuatro, S.A.

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

Vertix

(d) The accounts payable result essentially from the estimated tax of the Group's various subsidiaries included in the special regime for the taxation of groups of companies as Vertix is the head of that regime as from 2010.

In addition, the companies included in the consolidation carry out transactions between themselves at market prices relating essentially to the following situations:

- Purchase and sale of television and audiovisual contents;
- Purchase of cinema rights;
- Treasury loans.

In addition in 2010 there were sporadic services rendered between Media Capital Serviços and the company Agoa Gestão de Resíduos, S.A. in which Mr. Tirso Olazabal has a 25% participation. At 31 December 2010 these waste management services amounted to 994 Euros and the account payable had been settled.

The receipts and payments relating to loans between related companies in the year ended 31 December 2010 were as follows:

Receipts from:	
Repayment of loans granted:	
Prisa	39,816,390
Payments relating to:	
Loand granted:	
Prisa	10,600,000
Plural Brasil	175,783
União de Leiria	74,820
	10,850,603

The more significant balances with related parties at 31 December 2009 are as follows: a:

Promotora de Informaciones, S.A.

(a) Accounts receivable include a loan of 16,313,788 Euros repayable in one month, renewable for the same period. At 31 December 2009 this loan bore interest at the rate of 5.35%.
In addition, accounts receivable include 28,203,624 Euros relating to a cash pooling contract with PLURAL España, which bears interest at the one month Euribor rate plus a spread of 0.10%.

(b) Account payable in the amount of approximately 25,800,000 Euros relating to the purchase of Plural Entertainment España, which does not bear interest and is repayable as explained in Note 6.

Promotora de Emisoras, S.L.

f) Account payable for the purchase of 40% of PCP.

During the year ended 31 December 2009 there were no transactions with Directors or entities owned by them other than the service contract entered into by Media Capital Serviços, in March 2009, with the company Agoa Gestão de Resíduos, S.A. in which Mr. Tirso Olazabal has a 25% participation. At 31 December 2009 the management of waste services amounted to 1,046 Euros and the corresponding account payable was 288 Euros.

35. FINANCIAL COMMITMENTS

At 31 December 2010 and 2009 the Company had contracts and agreements with third parties to purchase rights, broadcast films and other programs in the amounts of 20,762,374 Euros and 8,249,979 Euros, respectively. The estimated years in which the films and programs will be available for broadcasting are as follows:

31 December 2010:

Nature	2011	2012	2013	2014 and following years	To be defined	Total
Films	59,137	1,402,140	902,131	736,112	516,450	3,615,970
Series	8,036	537,780	388,580	-	33,425	967,821
Entertainment	84,227	88,055	91,884	2,124,301	53,359	2,441,826
Documentaries	68,257	-	-	-	6,000	74,257
Sport	5,150,000	8,512,500	-	-	-	13,662,500
	5,369,657	10,540,475	1,382,595	2,860,413	609,234	20,762,374

31 December 2009:

Nature	2010	2011	2012	2013 and following years	To be defined	Total
Films	1,492,206	1,108,334	247,042	85,924	40,000	2,973,506
Series	175,752	-	-	-	-	175,752
Entertainment	920,800	-	-	-	45,000	965,800
Documentaries	81,255	-	-	-	-	81,255
Sport	4,053,666	-	-	-	-	4,053,666
	6,723,679	1,108,334	247,042	85,924	85,000	8,249,979

36. OPERATING LEASES

At 31 December 2010 and 2009 the Company had liabilities not reflected on the statement of financial position of 5,681,938 Euros and 8,203,675 Euros, respectively, under operating lease contracts.

The liabilities are as follows:

(a) Lease contract for the Company's installations for a period of four years ending on 11 February 2012, with a right of preference for renewal.

Amounts recognised as cost:	2010	2009
Minimum operating lease payments for the installations in Queluz	1,362,270	1,361,926

The liability assumed under the lease contract, not reflected in the statement of financial position at 31 December 2010 and 2009, amounted to 2,723,509 Euros and 4,085,779 Euros, respectively.

(b) Vehicle lease contracts for 3 and 4 years.

Amounts recognised as cost:	2010	2009
Minimum vehicle lease payments	1,254,017	1,209,489

The liabilities assumed under these lease contracts at 31 December 2010 and 2009 were as follows:

Liabilities assumed:	2010	2009
2010	-	1,038,187
2011	1,157,535	870,907
2012	726,249	424,175
2013	250,622	43,784
2014	92,431	-
	2,226,837	2,377,053

(c) Lease contracts for studio and warehouse installations for a period of 5 years, renewable for similar periods.

Amounts recognised as cost:	2010	2009
Minimum studio and warehouse lease payments	992,806	943,445

The liability assumed under these lease contracts at 31 December 2010 and 2009 amounted to 731,592 Euros and 1,724,398 Euros, respectively.

37. RATES USED TO TRANSLATE FOREIGN CURRENCY BALANCES

The following exchange rates were used to translate foreign currency assets and liabilities to Euros at 31 December 2010 and 2009:

	2010	2009
US Dollar	1,3280	1,4406
British Pound	0,8602	0,8881
Swiss Franc	1,2475	1,4836

38. CONTINGENT LIABILITIES

At 31 December 2010 the Group had the following bank and other guarantees given to third parties:

UNIVERSAL – bank guarantee under the agreement wiith TVI	2,344,499
Tax Authorities - legal execution processes (a)	1,578,527
Legal processes and others (a)	4,283,362
Competition prizes	945,360
União de Leiria, SAD (b)	299,279
Good payment guarantees - service contracts	428,400
FOX– bank guarantee under the agreement with CLMC (c)	400,000
Radio expansion projects	289,981
WEA – bank guarantee under the agreement with ENTERTAINMENT (d)	250,000
Dali Invest Outdoor - Guarantee given resulting from the sale of MC Outdoor	80,000
Bank guarantees relating to electricity supply contracts	20,945
Others	3,844
	10,924,197

(a) Processes provided for based on opinions of the Company’s legal consultants.

(b) Guarantee given under a current account credit contracted by União de Leiria, SAD with a financial institution, to cover its cash needs.

(c) Bank guarantee under an exclusive distribution agreement for DVD and video products.

(d) Bank guarantee given in accordance with the exclusive distribution agreement between WEA and ENTERTAINMENT.

The Group received additional corporate income tax assessments of 6,372,301 Euros in 2009 and 2010 relating to a tax inspections carried out of 2006, 2007 and 2008 questioning the Group’s utilization of tax losses carried forward, essentially of the year 2001. At 31 December 2010 the Group disagreed with these additional assessments and, based on the opinion of its legal consultants, believes that there are solid arguments to contest the position of the tax authorities.

39. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the key members of the Company in the year ended 31 December 2010 amounted to 2,416,757 Euros (3,513,487 Euros in 2009). The remuneration was granted by the various companies included in the consolidation.

The above mentioned remuneration consists of fixed remuneration of 2,057,903 Euros and variable remuneration of 358,854 Euros (2,991,112 Euros and 522,375 Euros in 2009, respectively).

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

40. FINANCIAL INSTRUMENTS

At 31 December 2010 and 2009 the financial instruments were as follows:

	2010	2009
Financial assets:		
Available-for-sale assets	7,632	7,638
Receivables	91,731,668	116,034,998
Cash and cash equivalents	23,578,879	20,556,456
	115,318,179	136,599,092
Financial liabilities:		
Derivatives by results	2,083,497	2,330,220
Borrowings	111,645,872	126,386,336
Payables	154,474,896	165,880,963
	268,204,265	294,597,519

The Media Capital Group is exposed essentially to the following risks:

(a) Market risk

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

(i) Interest rate

Interest rate risk relates essentially to the variable interest rate to which the commercial paper program is subject. In order to reduce the level of risk to which the Group is exposed, Media Capital contracted a hedge which fixes the range of variation of the 1 month Euribor rate with a cap of 4.99% and a floor of 3.25%.

At 31 December 2010 loans of 50,000,000 Euros were covered by the above hedge, the remaining 71,500,000 Euros are exposed to changes in market interest rates.

If the market interest rates were 0.5% higher or lower during the years ended 31 December 2010 and 2009 net profit for these years would have increased or decreased by 200,000 Euros, respectively.

The Company’s sensitivity to changes in interest rates is parcially limited by the above hedging products, which are recorded at market value determined by reference to valuations made by independent entities.

(ii) Exchange rate

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

The exposure in Plural Entertainment at 31 December 2010 relates to net liabilities of 2,067,541 USD (1,556,884 Euros at the Euro/USD exchange rate at 31 December 2010).

In addition, exchange rate risks at 31 December 2010 relate to:

- Television program transmission rights contracts entered into with several foreign producers;
- Cinema and video program transmission rights contracts contracted with Twentieth Century Fox.

The exchange risk relating to these contracts is small considering their payment terms.

The Euro equivalents of the Company's foreign currency balances, translated at the exchange rates in force at 31 December 2010 and 2009 are as follows:

	Assets/(liabilities)	
	2010	2009
US Dollar (USD)	(6,596,688)	(6,398,468)
British Pounds (GBP)	(34,262)	(39,869)
Swiss Francs (CHF)	(10,290)	(12,643)
	(6,641,240)	(6,450,980)

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 (Note 22), 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.

Impairment loss on accounts receivable is determined considering:

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

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 2010 are adequately provided for in the 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 serves as a measure to reduce the credit risk of the Group's various businesses.

At 31 December 2010 and 2009, accounts receivable include balances due as detailed below, for which no impairment losses were recognised as the Board of Directors considers the balances to be realisable:

Overdue balances	2010	2009
Up to 90 days	4,597,322	5,451,591
From 90 to 180 days	144,369	2,425,835
More than 180 days	2,591,942	4,826,712
	7,333,633	12,704,138

(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 2010 and 2009 cash and cash equivalents and the unused amount of the commercial paper program and credit lines totalled 49,633,420 Euros and 48,056,456 Euros. Financial liabilities at 31 December 2010 and 2009 mature as follows:

	2010			
Financial liabilities	Up to 1 year	1 to 2 years	+ 2 years	Total
Remunerated:				
Borrowings	78,977,739	31,072,000	1,596,133	111,645,872
Other current liabilities	9,500,000	-	-	9,500,000
Other non-current liabilities	-	13,554,762	-	13,554,762
Non-remunerated:				
Current tax liability	904,668	-	-	904,668
Other current liabilities	57,336,067	-	-	57,336,067
Trade and other payables	73,179,399	-	-	73,179,399
Derivatives by results	-	2,083,497	-	2,083,497
	219,897,873	46,710,259	1,596,133	268,204,265

	2009			
Financial liabilities	Up to 1 year	1 to 2 years	+ 2 years	Total
Remunerated:				
Borrowings	11,241,114	31,072,000	84,073,222	126,386,336
Other current liabilities	9,500,000	-	-	9,500,000
Other non-current liabilities	-	7,742,333	14,405,549	22,147,882
Non-remunerated:				
Current tax liability	1,905,342	-	-	1,905,342
Other current liabilities	55,908,043	-	-	55,908,043
Trade and other payables	76,419,696	-	-	76,419,696
Derivatives by results	-	2,330,220	-	2,330,220
	154,974,195	41,144,553	98,478,771	294,597,519

Considering that the current remunerated liability at 31 December 2010 exceeds their estimated operating cash flow for 2011 plus cash and available unused credit lines approved as of that date, the Group is currently negotiating with several credit institutions a restructuring plan for its liability, having received or being in the process of receiving proposals to renew the Commercial Paper Program to enable it to settle its short term liabilities, aware, however, of the increasing market cost of debt.

41. FEES OF THE STATUTORY AUDITOR

Fees invoiced of the statutory auditor for the year ended 31 December 2010 amounted to 489,055 Euros, made up as follows:

Nature of the service	
Legal audit of the accounts	310,000
Tax consultancy	161,055
Other non-attest services	18,000
	489,055

42. 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

Deloitte.

Deloitte & Associados, SROC S.A.
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CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA
CONTAS CONSOLIDADAS

Introdução

1. Nos termos da legislação aplicável, apresentamos a Certificação Legal das Contas e o Relatório de Auditoria sobre a informação financeira consolidada contida no relatório de gestão e sobre as demonstrações financeiras consolidadas anexas do exercício findo em 31 de Dezembro de 2010 do Grupo Media Capital, SGPS, S.A. ("Grupo"), as quais compreendem a demonstração consolidada da posição financeira em 31 de Dezembro de 2010 que evidencia um total de 406.814.134 Euros e capitais próprios de 129.130.010 Euros, incluindo um resultado líquido consolidado de 12.399.919 Euros, as demonstrações consolidadas dos resultados, dos rendimentos integrais, dos fluxos de caixa e das alterações no capital próprio consolidado 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, os seus fluxos consolidados de caixa e as alterações no capital próprio consolidado; (ii) que a informação financeira histórica seja preparada de acordo com as normas internacionais de relato financeiro, tal como adoptadas na 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 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.

Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
Registo na CMVM nº 231

Âmbito

4. O exame a que procedemos foi efectuado de acordo com as Normas Técnicas e as Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que este seja planeado e executado com o objectivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras consolidadas estão isentas de distorções materialmente relevantes. Este exame incluiu a verificação, numa base de amostragem, do suporte das quantias e informações divulgadas nas demonstrações financeiras consolidadas e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração, utilizadas na sua preparação. Este exame incluiu, igualmente, a verificação das operações de consolidação, a aplicação do método de equivalência patrimonial e de terem sido apropriadamente examinadas as demonstrações financeiras das empresas incluídas na consolidação, a apreciação sobre se são adequadas as políticas contabilísticas adoptadas, a sua aplicação uniforme e a sua divulgação, tendo em conta as circunstâncias, a verificação da aplicabilidade do princípio da continuidade das operações, a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras consolidadas, e a apreciação, para os aspectos materialmente relevantes, se a informação financeira é completa, verdadeira, actual, clara, objectiva e lícita. O nosso exame abrangeu ainda a verificação da concordância da informação financeira consolidada constante do Relatório de Gestão com os restantes documentos de prestação de contas consolidadas. Entendemos que o exame efectuado proporciona uma base aceitável para a expressão da nossa opinião.

Opinião

5. Em nossa opinião, as demonstrações financeiras consolidadas referidas no parágrafo 1 acima, apresentam de forma verdadeira e apropriada, em todos os aspectos materialmente relevantes, a posição financeira consolidada do Grupo Media Capital, SGPS, S.A. em 31 de Dezembro de 2010, o resultado consolidado das suas operações, os seus rendimentos integrais consolidados, os seus fluxos consolidados de caixa e as alterações no seu capital próprio consolidado no exercício findo naquela data, em conformidade com as normas internacionais de relato financeiro tal como adoptadas na 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.

Lisboa, 17 de Fevereiro de 2011

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

Individual Accounts

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

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

ASSETS	Notes	2010	2009
NON-CURRENT ASSETS:			
Intangible assets	8	72,600	-
Tangible assets	9	147,070	249,930
Investments in subsidiaries	10	174,413,138	160,315,138
		174,632,808	160,565,068
CURRENT ASSETS:			
Trade and other receivables	11	1,444,422	2,325,291
Current tax assets	7	-	36,078
Other current assets	12	3,870,675	10,858,315
Cash and cash equivalents	13	47,707	523,714
		5,362,804	13,743,398
TOTAL ASSETS		179,995,612	174,308,466
EQUITY AND LIABILITIES			
EQUITY:			
Capital	14	89,583,971	89,583,971
Reserves	14	39,113,873	55,421,198
Retained earnings	14	23,535,520	23,535,520
Net profit for the year		24,452,924	595,311
Total equity		176,686,288	169,136,000
LIABILITIES:			
NON CURRENT LIABILITY:			
Loans	15	-	6,326
CURRENT LIABILITIES:			
Loans	15	6,326	17,920
Current tax liabilities	7	-	14,428
Trade and other payables	16	2,032,594	3,926,788
Other current liabilities	17	1,270,404	1,207,004
		3,309,324	5,166,140
Total liabilities		3,309,324	5,172,466
TOTAL EQUITY AND LIABILITIES		179,995,612	174,308,466

The accompanying notes form an integral part of the statements of financial position as of 31 December 2010 and 2009.

THE ACCOUNTANT THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts stated in Euros)

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

	Notes	2010	2009
OPERATING REVENUE:			
Services rendered	4 and 19	3,633,871	6,859,469
Other operating revenue	4 and 19	506,627	424,436
Total operating revenue		4,140,498	7,283,905
OPERATING EXPENSES:			
Supplies and services	19	(3,545,813)	(4,533,555)
Employee benefits	5	(1,225,201)	(1,663,404)
Depreciation	9	(109,891)	(329,516)
Impairment losses	11	(4,000)	-
Other operating expenses		(34,931)	(117,013)
Total operating expenses		(4,919,836)	(6,643,488)
Operating gain (loss)		(779,338)	640,417
NET FINANCIAL INCOME:			
Financial expense		(35,555)	(34,921)
Financial income		-	259
Net financial expense	6	(35,555)	(34,662)
Gain on subsidiaries	10	25,098,286	-
		25,062,731	(34,662)
Profit before tax		24,283,393	605,755
Income tax expense	7	169,531	(10,444)
Net profit for the year		24,452,924	595,311
Comprehensive income		24,452,924	595,311

The accompanying notes form an integral part of the statements of comprehensive income for the years ended 31 December 2010 and 2009.

THE ACCOUNTANT THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in Euros)

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

	Notes	2010	2009
OPERATING ACTIVITIES:			
Cash receipts from customers		4,565,199	19,643,965
Cash paid to suppliers		(4,474,211)	(4,511,907)
Cash paid to employees		(1,540,308)	(1,656,920)
Cash generated from operations		(1,449,320)	13,475,138
Other payments relating to operating activities		217,038	(309,828)
Net cash from/(used in) operating activities (1)		(1,232,282)	13,165,310
INVESTING ACTIVITIES:			
Cash received relating to:			
Dividends	10	25,098,286	-
Sale of tangible assets		10,000	-
Loans to participated companies	19	6,715,198	6,850,188
		31,823,484	6,850,188
Cash paid relating to:			
Investments in subsidiaries	10	(14,098,000)	-
Acquisition of tangible assets		(40,856)	(57,672)
		(14,138,856)	(57,672)
Net cash from investing activities (2)		17,684,628	6,792,516
FINANCING ACTIVITIES:			
Cash received relating to:			
Interest and other similar income		-	258
Cash paid relating to:			
Dividends	14	(16,902,636)	(19,438,031)
Payment of finance lease contracts		(18,090)	(18,293)
Other financial expenses		(7,627)	(6,736)
		(16,928,353)	(19,463,060)
Net cash used in financing activities (3)		(16,928,353)	(19,462,802)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(476,007)	495,024
Cash and cash equivalents at the begining of the year	13	523,714	28,690
Cash and cash equivalents at the end of the year	13	47,707	523,714

The accompanying notes form an integral part of the cash flow statements
for the years ended 31 December 2010 and 2009.

THE ACCOUNTANT THE BOARD OF DIRECTORS

GRUPO MEDIA CAPITAL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Amounts expressed in Euros)

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

	Capital	Reserves (Note 14)	Retained earnings	Net profit for the year	Total equity
Balance at 31 December 2008	89,583,971	22,384,656	42,973,551	33,036,542	187,978,720
Appropriation of net profit for the year	-	33,036,542	-	(33,036,542)	-
Distribution of dividends (Note 14)	-	-	(19,438,031)	-	(19,438,031)
Net profit for the year	-	-	-	595,311	595,311
Balance at 31 December 2009	89,583,971	55,421,198	23,535,520	595,311	169,136,000
Appropriation of net profit for the year	-	595,311	-	(595,311)	-
Distribution of dividends (Note 14)	-	(16,902,636)	-	-	(16,902,636)
Net profit for the year	-	-	-	24,452,924	24,452,924
Balance at 31 December 2010	89,583,971	39,113,873	23,535,520	24,452,924	176,686,288

The accompanying notes for an integral part of the statements of changes in equity for the years ended 31 December 2010 and 2009.

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.

These financial statements were approved by the Board of Directors on 16 February 2011.

The Company is the parent company of the Media Capital Group that operates in the areas of broadcasting and production of television programs and other media activities and the conception, production and broadcasting of radio programs.

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 have been prepared on a going concern basis, under which assets must be realised 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 adopted by the European Union, with the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), for approval and publication under the terms of current legislation. As required under IFRS, investments are recorded at cost. Consequently, the accompanying financial statements do not include the effect of the consolidation of assets, liabilities, revenue and costs, which will be done in consolidated financial statements to be approved and published separately. The effect of such a consolidation is to increase assets, liabilities and operating revenue by 226,818,522 Euros, 274,374,800 Euros and 244,867,087 Euros, respectively, and decrease net profit and equity by 12,053,005 Euros and 47,556,278 Euros, respectively.

2.2 Intangible assets

Intangible assets are recorded at cost less applicable accumulated amortization and 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 the beginning of their use, over the estimated useful life in which the intangible assets generate future financial benefits.

2.3 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and, where applicable, impairment losses. Cost includes the purchase price plus any related purchase costs.

Tangible assets are depreciated as from the time the underlying assets are available for use. The cost of such assets, less their residual value where this can be estimated, is depreciated on a straight-line basis over their estimated useful lives.

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

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

2.4 Balance sheet classification

Assets realisable and liabilities to be settled within one year from the balance sheet 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 Financial instruments

2.5.1 Investments in subsidiaries

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

Dividends from subsidiaries are recorded as financial income when they are attributed.

2.5.2 Trade receivables and other current assets

Trade receivables and other current assets are initially recognised at their nominal value and reflected net of any 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 nominal and recoverable amounts and is recognised in the statement of profit and loss for the year.

2.5.3 Cash and cash equivalents

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

2.5.4 Trade and other payables and other current liabilities

Accounts payable are recognised at their nominal value, less possible interest calculated and recognised in accordance with the effective interest rate method.

2.6 Impairment of assets

Impairment tests are made at each balance sheet 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 in the statement of profit and loss.

The amount recoverable is the higher of the net selling price and the 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 the 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 recognised 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 recognised earlier no longer exists. The reversal of impairment losses is recognised as operating revenue in the statement of profit and loss. However impairment losses are only reversed up to the amount that would have been recognised (net of amortisation and depreciation) if the impairment loss had not been recognised in previous periods.

2.7 Income tax

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

The Company is covered by the special regime for the taxation of groups of companies, which covers all the companies in which Vértix, SGPS, S.A. ("Vertix"), the Company's parent company, has a direct or indirect participation of at least 90% and meet all the requirements to be included in this regime. These conditions include companies resident in Portugal, taxed by the general Corporate Income Tax regime, in addition to the existence, or not, of tax losses in years prior to entering into that regime.

Deferred tax is calculated based on the temporary differences between the amount of assets and liabilities for accounting and for tax purposes. 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 strong expectation that there will be sufficient future taxable profits to use them, or in situations in which there are taxable timing differences that offset deductible timing differences in the period they reverse. At the end of each year a review is made of such deferred taxes, these being decreased whenever their future use is no longer probable.

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

2.8 Revenue recognition and accruals basis

Revenue from services rendered is recognised in the statement of profit and loss when the services are rendered.

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

2.9 Subsequent events

Events occurring after the balance sheet date that provide additional information on the conditions that existed as of that date, are reflected in the financial statements. Events occurring after the balance sheet date that provide additional information on the conditions that existed after that date, if material, 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 2010 in relation to those used to prepare the financial information for 2009 in accordance with the requirements of IFRS and no significant corrections of prior year errors were recognised, except for the effect of adopting the new standards and interpretations or the changes that came into effect in years starting on 1 January 2010, that did not have a significant effect on the amounts included in these financial statements. The standards referred to are:

- IFRS 3 (revised in 2008) – Business Combinations;
- IAS 27 (revised in 2008) – Consolidated and Separate Financial Statements;
- IAS 28 (revised in 2008) – Investments in Associates;
- IFRIC 17 – Distributions of Non Cash Assets to Owners;
- IFRIC 18 – Transfer of Assets from Customers;
- Improvements to the IFRS, issued in April 2009.

In preparing the accompanying financial statements the Board of Directors used its knowledge and experience of past and/or current events and on assumptions relating to future events to make accounting estimates.

The most significant accounting estimate reflected in the financial statements as of 31 December 2010 and 2009 was the calculation of the recoverable amount 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 2010 there were no significant changes in the main estimates made by the Company in preparing the financial statements.

In addition, when the Board of Directors approved these financial statements the following standards and interpretations, not yet adopted by the Company, had been issued, their application only being required in subsequent years:

- Improvements to IFRS 1 – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (years beginning after 1 July 2010);
- Improvements to IFRS 7 – Disclosures – Transfers of Financial Assets (years beginning after 1 July 2011);
- IFRS 9 (revised in 2010) – Financial Instruments (years beginning after 1 January 2013);
- IAS 24 (revised in 2009) – Related Party Disclosures (years beginning after 1 January 2011);
- Improvements to IAS 32 – Classification of Rights Issues (years beginning after 1 February 2010);
- Improvements to IFRIC 14 – Prepayments of a Minimum Funding Requirement (years beginning after 1 January 2011);
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (years beginning after 1 July 2010);
- Improvements to the IFRS (May 2010) (mostly for years beginning after 1 January 2011).

Although the impact of adopting the above standards and interpretations on the financial statements of future years has not been fully assessed, the Board of Directors believes that they will not have a significant impact on the financial statements.

4. OPERATING REVENUE BY NATURE

Operating revenue for 2010 and 2009 consists essentially of services rendered to subsidiary companies.

5. EMPLOYEE BENEFITS

Employee benefits for the years ended 31 December 2010 and 2009 are made up as follows:

	2010	2009
Wages and salaries	1,230,981	1,282,299
Charges on remuneration	217,740	216,376
Performance bonus (a)	(299,014)	117,965
Severance payments	24,241	-
Labour accident insurance and related costs	13,563	12,543
Other	37,690	34,221
	1,225,201	1,663,404

(a) Performance bonus includes the excess of the estimate of the multi-annual bonuses estimated in 2008 and 2009 that was reversed on 31 December 2010 as it no longer was a liability.

The average number of employees in the years ended 31 December 2010 and 2009 was 21.

6. NET FINANCIAL EXPENSE

Net financial expense for the years ended 31 December 2010 and 2009 is made up as follows:

	2010	2009
Financial expense:		
Interest expense	167	1,395
Other	35,388	33,526
	35,555	34,921
Financial income:		
Interest income	-	(259)
	35,555	34,662

7. DIFFERENCE BETWEEN ACCOUNTING AND TAX RESULTS

The Company is subject to corporate income tax at the normal rate of 25% on taxable income exceeding 12,500 Euros, the rate of 12.5% being applicable to taxable income below that amount. These rates 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, a State Surcharge of 2.5% is added to taxable income exceeding 2,000,000 Euros.

In accordance with article 88 of the Corporate Income Tax Code the Company is subject to autonomous taxation of a series of charges at the rates mentioned in the article.

Since 2010 the Company, which is a subsidiary of Vertix, has been covered by the special tax regime applicable to groups of companies. Consequently, estimated corporate income tax, withholdings by third parties and payments on account are recognised on the balance sheet as accounts payable to and receivable from Vertix, respectively (Note 19).

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 2007 to 2010 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.

In accordance with current legislation tax losses can be carried forward to offset taxable profits during a period of four years (six years for tax losses incurred up to 2010). At 31 December 2010 and 2009 tax losses available to be carried forward amounted to 12,236,992 Euros and 13,450,217 Euros, respectively, and expire as follows:

	2010	2009
2010	-	1,213,225
2011	3,759,497	3,759,497
2012	3,084,617	3,084,617
2013	3,158,634	3,158,634
2014	2,234,244	2,234,244
	12,236,992	13,450,217

Reconciliation of the tax rate for the years ended 31 December 2010 and 2009 is as follows:

(a) Reconciliation of the tax rate

	2010	2009
Profit before tax	24,283,393	605,755
Nominal income tax rate	25.00%	25.00%
Estimated tax charge	6,070,848	151,439
Permanent differences (i)	(6,252,775)	(155,475)
Adjustment to income tax due (ii)	12,396	14,480
	(169,531)	10,444
Current tax (Note 19) (iii)	(169,531)	14,480
Excess prior year tax	-	(4,036)
	(169,531)	10,444
Effective tax rate	-0.70%	1.72%

Current income tax for the year ended 31 December 2009 includes estimated tax of 14,480 Euros less withholdings at source of 52 Euros, Having been recorded the amount of 14,428 Euros in the caption Current tax liabilities.

The amount of 36,078 Euros recorded in the caption Current tax assets at 31 December 2009 corresponds to the special payment on account of preceding years.

(i) These amounts for the years ended 31 December 2010 and 2009 are made up as follows:

	2010	2009
Dividends received	(25,098,286)	-
Non tax deductible amortisation	7,967	-
Insurance premiums and contributions	53,101	-
Public share sale offering costs	-	(576,392)
Others, net	26,118	(45,508)
	(25,011,100)	(621,900)
	25.0%	25.0%
	(6,252,775)	(155,475)

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

(iii) Current income tax corresponds to autonomous taxation and the Company's tax loss used by Vertix in determining total taxable income of 12,396 Euros and 181,927 Euros, respectively.

8. INTANGIBLE ASSETS

In the year ended 31 December 2010 this caption increased by 72,600 Euros relating to intangible assets in progress.

9. TANGIBLE ASSETS

The changes in tangible assets and corresponding accumulated depreciation and impairment losses in the years ended 31 December 2010 and 2009 were as follows:

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Gross:						
Balance at 31 December 2008	74,850	82,980	91,141	807,094	31,348	1,087,413
Acquisitions	-	-	7,370	28,432	25,306	61,108
Transfers	-	-	31,222	-	(31,222)	-
Sales and write offs	-	(11,650)	-	-	-	(11,650)
Balance at 31 December 2009	74,850	71,330	129,733	835,526	25,432	1,136,871
Acquisitions	-	-	7,031	-	-	7,031
Transfers	-	-	-	25,432	(25,432)	-
Sales and write offs	-	(17,500)	(2,313)	-	-	(19,813)
Balance at 31 December 2010	74,850	53,830	134,451	860,958	-	1,124,089

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Depreciation and accumulated impairment losses:						
Balance at 31 December 2008	(1,871)	(37,467)	(19,616)	(510,121)	-	(569,075)
Increase	(7,485)	(21,589)	(33,696)	(266,746)	-	(329,516)
Sales and write offs	-	11,650	-	-	-	11,650
Balance at 31 December 2009	(9,356)	(47,406)	(53,312)	(776,867)	-	(886,941)
Increase	(7,485)	(17,943)	(34,658)	(49,805)	-	(109,891)
Sales and write offs	-	17,500	2,313	-	-	19,813
Balance at 31 December 2010	(16,841)	(47,849)	(85,657)	(826,672)	-	(977,019)

	Buildings and other constructions	Transport equipment	Administrative equipment	Other tangible assets	Fixed assets in progress	Total
Net:						
Net balance at 31 December 2009	65,494	23,924	76,421	58,659	25,432	249,930
Net balance at 31 December 2010	58,009	5,981	48,794	34,286	-	147,070

10. INVESTMENTS IN SUBSIDIARIES

The changes in investments in subsidiaries in the years ended 31 December 2010 and 2009 were as follows:

	Equity investments in group companies
Balance at 31 December 2008	160,315,138
Balance at 31 December 2009	160,315,138
Increases (a)	14,098,000
Balance at 31 December 2010	174,413,138

(a) On 29 December 2010 the Company subscribed for and paid up in cash the amount of 14,098,000 Euros relating to a capital increase of Meglo – Media Global, SGPS, S.A. (“Meglo”).

In the year ended 31 December 2010 Meglo distributed dividends of 25,098,286 Euros in accordance with decisions of the Shareholders’ General Meetings held on 10 February 2010 and 29 December 2010. This amount was recorded in the statement of profit and loss caption “Gain on subsidiaries”.

Investments at 31 December 2010 corresponded to the investment in Meglo, the assets, equity, total revenue and net profit of which for the year were as follows:

Company	Head office	Total assets	Total revenue	Equity	Net profit for the year	Participation percentage	Book value
Meglo	Lisbon	344,508,015	56,261,890	31,582,660	13,059,390	100%	174,413,138

For purposes of assessing impairment, the investment was valued by the Board of Directors based on the business plan/financial projections of the cash generating units controlled by Meglo.

The discounted cash flow method was used, cash flow projections for five years having been prepared, a perpetuity being considered thereafter. The nominal growth rate used for the perpetuity was 2.5% (3.5% in 2009). The discount rate used was 9.2% (8.21% in 2009), 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.

The total rate of growth of the segments under review considered for the period of the projections was 4% for the segments under review, the year 2010 being considered as the base, which resulted in EBITDA of 12% and Capex of -9%. The Group believes that these estimates are reasonable considering that in 2010 the market was abnormally penalized, as well as the initiatives in progress regarding organic growth, improvements in efficiency and optimization of resources.

The Board of Directors considered that at 31 December 2010 and 2009 the book value of the investment did not exceed its realizable value. The cash flow projections considered are the most recent business plans approved by the Board of Directors.

11. TRADE AND OTHER RECEIVABLES

This caption at 31 December 2010 and 2009 was made up as follows:

	2010			2009		
	Gross	Impairment losses	Net	Gross	Impairment losses	Net
Trade receivables	4,000	(4,000)	-	1,345	-	1,345
Receivables from related parties (Note 19)	1,444,422	-	1,444,422	2,323,946	-	2,323,946
	1,448,422	(4,000)	1,444,422	2,325,291	-	2,325,291

12. OTHER CURRENT ASSETS

This caption at 31 December 2010 and 2009 was made up as follows:

	2010	2009
Accounts receivable from related parties (Note 19)	3,788,224	10,387,880
State and other public entities (Note 18)	50,281	426,375
Prepayments	29,346	35,778
Sundry debtors	2,824	8,282
	3,870,675	10,858,315

13. CASH AND CASH EQUIVALENTS

This caption at 31 December 2010 and 2009 was made up as follows:

	2010	2009
Bank deposits	1,000	1,000
Cash	46,707	522,714
	47,707	523,714

14. EQUITY

The Company's fully subscribed and paid up capital at 31 December 2010 consisted of 84,513,180 shares of one Euro and six cents each, totalling 89,583,971 Euros.

At 31 December 2010 MEDIA CAPITAL's capital was held by the following shareholders:

	Shares	Percentage
Vertix	80,027,607	94.69
Others, less than 10% of the capital	4,485,573	5.31
	---------------	---------
	84,513,180	100.00
	=========	=====

Legal reserve: 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 20% of share capital. This reserve cannot be distributed, except upon liquidation of the company, but may be used to absorb losses or to increase capital after exhaustion of the other reserves. At 31 December 2010 and 2009, the legal reserve amounted to 2,814,684 Euros and 2,784,918 Euros, respectively.

The Shareholders' General Meeting held on 17 March 2010 approved the distribution of dividends totalling 16,902,636 Euros (19,438,031 Euros in 2009).

15. LOANS

This caption at 31 December 2010 and 2009 corresponded to outstanding finance lease installments, as follows:

	2010			
	Book value		Nominal value	
	Current	Non-current	Current	Non-current
Finance lease contracts	6,326	-	6,326	-

	2009			
	Book value		Nominal value	
	Current	Non-current	Current	Non-current
Finance lease contracts	17,920	6,326	17,920	6,326

Assets under finance lease:

	2010		
	Cost	Accumulated depreciation	Net
Transport equipment	53,830	47,849	5,981

	2009		
	Cost	Accumulated depreciation	Net
Transport equipment	71,330	47,406	23,924

The lease installments not yet due mature as follows:

	2010	2009
2010	-	17,920
2011	6,326	-
	6,326	17,920
2011	-	6,326
	-	6,326

16. TRADE AND OTHER PAYABLES

This caption at 31 December 2010 and 2009 was made up as follows:

	2010	2009
Accounts payable to related parties (Note 19)	1,805,996	3,499,664
Current suppliers	150,324	259,021
Accrued costs:		
Other supplies and services	73,327	143,152
Others	2,947	24,951
	2,032,594	3,926,788

17. OTHER CURRENT LIABILITIES

This caption at 31 December 2010 and 2009 was made up as follows:

	2010	2009
Accounts payable to related parties (Note 19)	714,051	309,254
Accrued costs:		
Personnel remuneration	317,630	713,007
Others	1,383	-
State and other public entities (Note 18)	164,740	182,530
Suppliers of fixed assets	72,600	2,213
	1,270,404	1,207,004

18. STATE AND OTHER PUBLIC ENTITIES

This caption at 31 December 2010 and 2009 was made up as follows:

	2010		2009	
	Accounts receivable (Note 12)	Accounts payable (Note 17)	Accounts receivable (Note 12)	Accounts payable (Note 17)
Value Added Tax	50,281	79,195	426,375	95,017
Social Security contributions	-	45,458	-	45,879
Personal Income Tax	-	40,087	-	41,634
	50,281	164,740	426,375	182,530

19. RELATED PARTIES

The caption related parties at 31 December 2010 and 2009 consists essentially of the following subsidiary and associated companies of Meglo:

Company	Head office	Effective percentage participation held 2010	2009
Grupo Media Capital, SGPS, S.A.	Barcarena	Parent	Parent
MEGLO - Media Global, SGPS, S.A.	Barcarena	100	100
MEDIA CAPITAL - Serviços de Consultoria e Gestão, S.A. (“MC SERVIÇOS”)	Barcarena	100	100
Publipartner - Projectos de Media e Publicidade, Unipessoal, Lda. ("Publipartner")	Barcarena	100	100
Med Cap Technologies – Desenvolvimento e Comercialização de Sistemas de Comunicação, S.A. (“MED CAP”)	Barcarena	100	100
CLMC – Multimedia, S.A. (“CLMC”)	Barcarena	100	90
MCR II - Media Capital Rádios, S.A. ("MCRII")	Barcarena	100	100
R. CIDADE – Produções Audiovisuais, S.A. (“CIDADE”)	Lisbon	100	100
RÁDIO REGIONAL DE LISBOA – Emissões de Radiodifusão, S.A. (“REGIONAL”)	Lisbon	100	100
RÁDIO COMERCIAL, S.A. (“COMERCIAL”)	Lisbon	100	100
Rádio XXI, Lda.("XXI")	Lisbon	100	100
MCME - Media Capital Música e Entretenimento, S.A. ("MCME")	Barcarena	100	100
FAROL MÚSICA – Sociedade de Produção e Edição Audiovisual, Lda. (“FAROL”)	Barcarena	100	100
MEDIA CAPITAL ENTERTAINMENT - Produção de Eventos, Lda. ("ENTERTAINMENT")	Barcarena	100	100
Eventos Spot - Agenciamento e Produção de Espectáculos, Lda. ("SPOT")	Barcarena	-	50
KIMBERLEY TRADING, S.A. (“KIMBERLEY”)	Barcarena	100	100
TVI – Televisão Independente, S.A. (“TVI”)	Barcarena	100	100
RETI – Rede Teledifusora Independente, S.A. (“RETI”)	Barcarena	100	100
MEDIA CAPITAL – Editora Multimédia, S.A. (“MULTIMÉDIA”)	Barcarena	100	100
IOL NEGÓCIOS - Serviços de Internet, S.A. ("IOL Negócios")	Barcarena	100	100
LÚDICODROME - EDITORA, Unipessoal, Lda. ("Ludicodrome")	Barcarena	100	100
UNIDIVISA - Promoção de Projectos de Media, S.A. ("UNIDIVISA")(c)	Barcarena	-	100

Company	Head office	Effective percentage participation held 2010	2009
MCP - MÉDIA CAPITAL PRODUÇÕES, S.A. ("MCP")	Barcarena	100	100
MEDIA CAPITAL PRODUÇÕES INVESTIMENTOS - SGPS, S.A. ("MCP INVESTIMENTOS")	Barcarena	100	100
PLURAL Entertainment Portugal, S.A. ("PLURAL")	Lisbon	100	100
NBP – Ibérica - Producciones Audiovisuales, S.A.	Madrid (Spain)	100	100
CASA DA CRIAÇÃO – Argumentos para Audiovisual, Lda. (“CASA DA CRIAÇÃO”)	Lisbon	100	100
EMAV – Empresa de Meios Audiovisuais, Lda. (“EMAV”)	Vialonga	100	100
EPC – Empresa Portuguesa de Cenários, Lda. (“EPC”)	Vialonga	100	100
PLURAL Entertainment Brasil, Ltda. ("Plural Brasil")	São Paulo	49	100
PLURAL Entertainment España, S.L. ("PLURAL España")	Madrid (Spain)	100	100
PLURAL Entertainment Canarias, S.L. ("PLURAL Canarias")	San Andrés (Spain	100	100
PLURAL Entertainment Inc. ("PLURAL Entertainment")	Miami (EUA)	100	100
TESELA Producciones Cinematográficas, S.L. ("TESELA")	Madrid (Spain)	100	100
Factoría Plural, S.L. ("Factoría")	Zaragoza (Spain)	51	51
Chip Audiovisual , S.A.("CHIP")	Zaragoza (Spain)	50	50
Plural - Jempsa, S.L.("JEMPSA")	Madrid (Spain)	19	50
Sociedad Canaria de Televisión Regional, S.A.("SOCATER")	Tenerife (Spain)	40	40
Productora Canária de Programas, S.A. ("PCP")	San Andrés (Spain)	40	40
União de Leiria, SAD (“União de Leiria”)	Leiria	20	20
Nanook – Empresa Europeia de Produção de Documentários, Lda. (“Nanook”)	Lisbon	-	27

The balances at 31 December 2010 and 2009 and transactions for the years then ended with these companies and related companies (Prisa Group companies) were as follows:

Balances:

	2010			
	Trade and other receivables (Note 11)	Other current assets (Note 12)	Trade payables (Note 16)	Other current liabilities (Note 17)
PLURAL España	530,568	-	-	-
TVI	528,131	14,855	11,942	345,690
Plural Portugal	155,558	6,869	-	101,847
FAROL	56,356	3,187	-	24,607
MCP	54,779	-	-	140,146
CLMC	51,991	137,055	109	34,048
COMERCIAL	45,632	4,508	-	29,877
MULTIMÉDIA	17,528	3,753	-	12,656
Publipartner	3,879	3,980	-	2,534
Meglo	-	3,230,242	849,243	-
Vertix	-	219,813	-	12,396
Promotora de Informaciones, S.A.	-	133,246	904,456	-
Promotora General de Revistas, S.A.	-	19,350	-	-
Prisa Innova, S.A.	-	4,000	-	-
MC SERVIÇOS	-	3,361	30,855	10,250
MED CAP	-	2,420	6,501	-
IOL Negócios	-	968	2,299	-
Diario El Pais, S.A.	-	392	-	-
Kimberley	-	225	-	-
Constancia Editores, S.A.	-	-	591	-
	1,444,422	3,788,224	1,805,996	714,051

	2009			
	Trade and other receivables (Note 11)	Other current assets (Note 12)	Trade payables (Note 16)	Other current liabilities (Note 17)
PLURAL España	970,733	-	-	-
TVI	755,410	36,049	768,209	4,649
Plural Portugal	208,558	6,825	209,927	-
MCP	141,882	-	288,560	-
FAROL	103,827	2,836	104,293	-
CLMC	50,106	225	94,278	-
MULTIMÉDIA	42,755	3,291	27,918	15,019
COMERCIAL	34,173	3,737	64,299	-
Publipartner	16,502	2,054	10,775	10,775
Meglo	-	10,156,409	841,816	-
Promotora de Informaciones, S.A.	-	113,842	1,054,327	-
MC SERVIÇOS	-	33,285	32,102	65,783
Promotora General de Revistas, S.A.	-	16,195	-	-
Vertix	-	5,600	-	210,988
Prisa Innova, S.A.	-	4,000	-	-
MED CAP	-	2,294	3,160	-
Diario El Pais, S.A.	-	782	-	-
RETI	-	300	-	-
IOL Negócios	-	100	-	-
MCRII	-	56	-	-
CIDADE	-	-	-	2,040
	2,323,946	10,387,880	3,499,664	309,254

Meglo's accounts receivable at 31 December 2010 and 2009 result from financial support to the subsidiaries' activities and mature in the short term.

Accounts receivable recorded in the caption "Trade receivables" at 31 December 2010 and 2009 result from Management Fee invoices issued by the Company.

Accounts receivable from and payable to Vertix at 31 December 2010 are made up as follows:

	Other current assets	Other current liabilities	Net
Current tax (Note 7)	181,927	12,396	169,531
Others resulting from operations	37,886	-	37,886
	219,813	12,396	207,417

In the year ended 31 December 2010 the loan to Meglo, in the amount of 6,715,198 Euros, was repaid.

Transactions:

	2010		
	Services rendered	Other operating revenue	Suplies and services
TVI	1,771,684	129,380	8,050
PLURAL España	789,612	-	-
Plural Portugal	664,987	68,304	-
CLMC	174,624	20,376	2,604
COMERCIAL	152,785	45,460	-
FAROL	113,906	31,608	-
MULTIMÉDIA	50,180	37,244	40,046
Publipartner	12,481	39,468	-
MCP Produções	(96,388)	-	-
MC SERVIÇOS	-	61,799	511,444
Promotora General de Revistas, S.A.	-	47,988	4,000
Vertix	-	8,916	-
IOL Negócios	-	4,800	11,400
MED CAP	-	1,284	46,129
Promotora de Informaciones, S.A.	-	-	1,213,236
Meglo	-	-	701,854
REGIONAL	-	-	17,469
Constancia Editores, S.A.	-	-	591
	3,633,871	496,627	2,556,823

	2009		
	Services rendered	Other operating revenue	Suplies and services
TVI	3,473,331	133,898	46,111
Plural Portugal	825,691	62,409	-
PLURAL España	789,795	-	-
MCP Produções	566,993	-	-
CLMC	417,974	20,977	936
FAROL	326,867	28,326	-
COMERCIAL	295,164	37,374	-
MULTIMÉDIA	134,470	32,473	16,478
Publipartner	46,377	39,264	-
Meglo	(17,193)	-	1,418,789
Promotora General de Revistas, S.A.	-	50,451	2,545
MC SERVIÇOS	-	4,345	813,785
Prisa Innova, S.A.	-	4,000	-
Vertix	-	3,720	-
IOL Negócios	-	3,200	2,850
Promotora de Informaciones, S.A.	-	-	1,309,025
MED CAP	-	-	50,912
	6,859,469	420,437	3,661,431

20. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the key members of the Company for the year ended 31 December 2010 amounted to 2,416,757 Euros (3,513,487 Euros in 2009). This remuneration was granted by the various Group companies.

The above mentioned remuneration for 2010 consists of fixed remuneration of 2,057,903 Euros and variable remuneration of 358,854 Euros (2,991,112 Euros and 522,375 Euros in 2009, respectively).

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

21. FINANCIAL INSTRUMENTS

The captions financial instruments at 31 December 2010 and 2009 were made up as follows:

	2010	2009
Financial assets:		
Accounts receivable	5,315,097	13,219,684
Cash and cash equivalents	47,707	523,714
	5,362,804	13,743,398
Financial liabilities:		
Loans	6,326	24,246
Accounts payable	3,302,998	5,148,220
	3,309,324	5,172,466

The Media Capital group is exposed essentially to credit risk.

Credit risk relates essentially to accounts receivable from related parties resulting from management operations invoiced to the various Group companies, which the Company tries to limit through the payment policy used. This risk is monitored by the Company on a regular basis with the objective of:

- Ensuring compliance with the defined payment policy;
- Accompanying the evolution of the credit granted;
- Analysing the financial condition of the related parties on a regular basis.

Considering that the current remunerated liability of Meglo and its subsidiaries at 31 December 2010 exceeds their estimated operating cash flow for 2011 plus cash and available unused credit lines approved as of that date, the Company is currently negotiating with several credit institutions a restructuring plan for the liability of its subsidiaries, having received proposals to renew the Commercial Paper Program of these entities to enable them to settle their short term liabilities, aware, however, of the increasing market cost of debt.

22. FEES OF THE STATUTORY AUDITOR

Fees invoiced for by the statutory auditor for the legal review of the Company's accounts for the year ended 31 December 2010 amounted to 96,000 Euros.

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

Deloitte.

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CERTIFICAÇÃO LEGAL DAS CONTAS E RELATÓRIO DE AUDITORIA
CONTAS INDIVIDUAIS

Introdução

1. Nos termos da legislação aplicável, apresentamos a Certificação Legal das Contas e Relatório de Auditoria sobre a informação financeira contida no Relatório de Gestão e sobre as demonstrações financeiras anexas do exercício findo em 31 de Dezembro de 2010 do Grupo Media Capital, SGPS, S.A. ("Empresa"), as quais compreendem a demonstração da posição financeira em 31 de Dezembro de 2010 que evidencia um total de 179.995.612 Euros e capitais próprios de 176.686.288 Euros, incluindo um resultado líquido de 24.452.924 Euros, as demonstrações dos rendimentos integrais, dos fluxos de caixa e das alterações no capital próprio do exercício findo naquela data e o correspondente anexo.

Responsabilidades

2. É da responsabilidade do Conselho de Administração: (i) a preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira da Empresa, os seus rendimentos integrais, os seus fluxos de caixa e as alterações no capital próprio; (ii) que a informação financeira histórica seja preparada de acordo com as normas internacionais de relato financeiro tal como adoptadas na União Europeia ("IAS/IFRS") e que seja completa, verdadeira, actual, clara, objectiva e lícita, conforme exigido pelo Código dos Valores Mobiliários; (iii) a adopção de políticas e critérios contabilísticos adequados e a manutenção de um sistema de controlo interno apropriado; (iv) a informação de qualquer facto relevante que tenha influenciado a sua actividade, a sua posição financeira ou os seus rendimentos integrais.

3. A nossa responsabilidade consiste em examinar a informação financeira contida nos documentos de prestação de contas acima referidos, incluindo a verificação se, para os aspectos materialmente relevantes, é completa, verdadeira, actual, clara, objectiva e lícita, conforme exigido pelo Código dos Valores Mobiliários, competindo-nos emitir um relatório profissional e independente baseado no nosso exame.

Âmbito

4. O exame a que procedemos foi efectuado de acordo com as Normas Técnicas e as Directrizes de Revisão/Auditoria da Ordem dos Revisores Oficiais de Contas, as quais exigem que este seja planeado e executado com o objectivo de obter um grau de segurança aceitável sobre se as demonstrações financeiras estão isentas de distorções materialmente relevantes. Este exame incluiu a verificação, numa base de amostragem, do suporte das quantias e informações divulgadas nas demonstrações financeiras e a avaliação das estimativas, baseadas em juízos e critérios definidos pelo Conselho de Administração, utilizadas na sua preparação. Este exame incluiu, igualmente, a apreciação sobre se são adequadas as políticas contabilísticas adoptadas e a sua divulgação, tendo em conta as circunstâncias, a verificação da aplicabilidade do princípio da continuidade das operações, a apreciação sobre se é adequada, em termos globais, a apresentação das demonstrações financeiras, e a apreciação, para os aspectos materialmente relevantes, se a informação financeira é completa, verdadeira, actual, clara, objectiva e lícita. O nosso exame abrangeu ainda a verificação da concordância da informação financeira constante do Relatório de Gestão com os restantes documentos de prestação de contas. Entendemos que o exame efectuado proporciona uma base aceitável para a expressão da nossa opinião.

Deloitte & Associados, SROC S.A.
Inscrição na OROC nº 43
Registo na CMVM nº 231

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 do Grupo Media Capital, SGPS, S.A. em 31 de Dezembro de 2010, os seus rendimentos integrais, os seus fluxos de caixa e as alterações no seu capital próprio no exercício findo naquela data, em conformidade com as normas internacionais de relato financeiro tal como adoptadas na União Europeia, e a informação financeira nelas constante é, nos termos das definições incluídas nas directrizes mencionadas no parágrafo 4 acima, completa, verdadeira, actual, clara, objectiva e lícita.

Ênfase

6. As demonstrações financeiras mencionadas no parágrafo 1 acima, referem-se à actividade da Empresa a nível individual e foram preparadas para aprovação nos termos da legislação em vigor. Conforme previsto nos IAS/IFRS e indicado na Nota 2.5 os investimentos financeiros em empresas do grupo são apresentados ao custo de aquisição deduzido de perdas por imparidade, quando estas se verifiquem. Assim, as demonstrações financeiras anexas não incluem o efeito da consolidação de activos, passivos, capital próprio e resultados das empresas participadas, o que será efectuado nas demonstrações financeiras consolidadas a aprovar em separado.

Lisboa, 17 de Fevereiro de 2011

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